सत्यमेव जयते

rnment of Bombay

# REPORT

# OF

# THE FINANCE COMMITTEE

# 1960

Price—Re. 0·68 or 1s. 1d.

# TABLE OF CONTENTS.


| | | | Pages. |
|---|---|---|---|
| Chapter I | ... | Introductory ... ... | 1—3 |
| Chapter II | ... | Financial Assets and Liabilities with Special reference to Statutory and other Funds ... ... | 4—17 |
| Chapter III | ... | Financial Position of the New States ... | 18—36 |
| Chapter IV | ... | The Resources for the Third Five-Year Plan of the two States ... ... | 37—39 |
| Chapter V | ... | Conclusion ... ... | 40—41 |
| Annexure I | ... | Resolution of the Congress Working Committee on Reorganisation of the Bombay State and Extract from Demi-Official Letter from Shri Y. B. Chavan to Shri G. B. Pant ... | 42—45 |
| Annexure II | ... | Statement of Financial Assets and Liabilities ... ... | 46—59 |
| Annexure III | ... | Statement of Statutory and other Funds. | 60—63 |
| Annexure IV | ... | Statement of Capital Outlay ... | 64—67 |
| Annexure V | ... | Statement of Loans relent to Local Bodies and Institutions and Apex Bodies ... ... | 69 |
| Annexure VI | ... | Statement of Regional Position on Revenue Account for 1958-59 (Actuals) ... ... | 70—71 |
| Annexure VII | ... | Statement of Position on Revenue Account of the New States of Gujerat and Bombay (Maharashtra) for 1960-61 (Estimates) ... ... | 72—73 |
| Annexure VIII | ... | Statement of Position on Revenue Account of the New States of Gujerat and Bombay (Maharashtra) for 1961-62 (Estimates) ... ... | 74—75 |


(G.C.P.) L-C H 4676—*a*

# CHAPTER I

## Introductory.

The Government of Bombay set up a Committee by its Resolution No. GM/FCT. 1059-I, dated 28th December 1959, which is reproduced below :—

"Having regard to the contemplated reorganisation of the present Bombay State resulting in the formation of the State of Gujerat and the residuary Bombay State, Government is pleased to appoint the following fact finding Committee :—

| | |
|---|---|
| Shri P. C. Bhattacharya, Chairman, State Bank of India ... ... | *Chairman.* |
| Shri S. G. Barve, I.C.S. ... ... | *Member.* |
| Shri M. R. Yardi, I.C.S. ... ... | *Member.* |
| Shri V. T. Dehejia, I.C.S. ... ... | *Member.* |
| Shri V. Isvaran, I.C.S. ... ... | *Member.* |
| Shri N. S. Pardasani, I.A.S. ... ... | *Secretary.* |

The Committee shall report on the following matters :—

(1) Determination of the financial assets and liabilities of the State of Bombay.

(2) The likely financial position, with particular reference to revenue account, of the two States which may be formed as a result of the reorganisation.

(3) The number and details of specific purpose Funds or otherwise earmarked Funds and Statutory Funds, in existence.

(4) The resources for the Third-Five Year Plans of the two States.

The Finance Department will act as the Secretariat for the Committee and make all necessary arrangements for it to complete its work expeditiously.

By order and in the name of the Governor of Bombay,

(Signed) N. T. MONE,
Chief Secretary to the Government of Bombay,
Political and Services Department."

(G.C.P.) L-C H 4676—1

2. In a demi-official letter addressed to the Chairman the Chief Secretary to the Government of Bombay inivited the attention of the Committee to the Resolution of the Congress Working Committee on the reorganisation of the Bombay State, specially the appendix to it dealing with financial matters. He also referred to the demi-official letter dated 16th December, 1959 addressed by Shri Y. B. Chavan, Chief Minister, Bombay to Shri Govind Ballabh Pant, Union Home Minister, and suggested that the Committee might consider the manner in which effect could be given to the agreed conclusions referred to therein. Copies of the Resolution and the relevant extract from Shri Chavan's demi-official letter are given in Annexure I.

3. The appendix to the Resolution of the Congress Working Committee reproduced in Annexure I contains agreed conclusions in respect of the following matters :—

(*a*) the cost of construction of a new capital city for the State of Gujerat;

(*b*) the division of Assets and Liabilities between the two new States; and

(*c*) the payment by the new Bombay State (Maharashtra) to meet the estimated annual deficit of the State of Gujerat for a period of six years and thereafter for a period of four years on a tapering basis.

Shri Chavan's demi-official letter to Shri Govind Ballabh Pant sets out the agreement regarding the manner in which financial adjustments in respect of the payment of the lump sum to meet the deficit of the State of Gujerat may be carried out.

4. Though the Committee was formally constituted on 28th December, 1959, it had, at the request of the Chief Secretary to the Government of Bombay, conveyed by a demi-official letter dated 2nd November, 1959, commenced its work on an informal basis earlier. It held its first meeting at Bombay on 7th November 1959. The Committee started by collecting certain basic data relating to Assets, Liabilities and Funds from the Accountant General, Bombay, and analysing district-wise figures of actuals of Receipts and Expenditure for 1958-59, which had been called for by the Finance Department of the Government of Bombay from the Accountant General and the Pay and Accounts Officer, before the appointment of the Committee. The Committee had also before it the report of the Study Group appointed by the State Government to assess the resources of the present State of Bombay for the Third Five-Year Plan. The Committee began its deliberations on the basis of these and other data available in official publications and, wherever necessary, collected further information from the Accountant General, the Pay and Accounts Officer, the Heads of Departments and the Administrative Departments of the Secretariat.

5. The Committee held in all 20 meetings. It invited the Accountant General, the Collector of Sales Tax and the Secretary of the Study Group on Resources to help the Committee by elucidating some of the points at the meeting when these points were considered by the Committee. In view of its terms of reference, the Committee has concentrated its attention mainly on the collection, compilation and analysis of facts and presenting them in a way that may be useful. But in view of the request made to the Committee to consider also the manner in which effect could be given to the agreed conclusions, the Committee has also dealt with the implications of different methods of adjustment and expressed it views on what it considers to be the best method for carrying out some of the agreed conclusions.

6. The Committee would like to take this opportunity of acknowledging with thanks the co-operation received from various officers from whom information had to be obtained at short notice. In this connection, the Committee would like to make a special mention of the considerable help it received from the Accountant General, Bombay, and his officers and staff, but for whose ready and willing assistance, it would hardly have been possible for the Committee to complete its work in time.

## CHAPTER II.

### FINANCIAL ASSETS AND LIABILITIES WITH SPECIAL REFERENCE TO STATUTORY AND OTHER FUNDS.

7. Item (1) of the terms of reference requires the Committee to report on the determination of the Financial Assets and Liabilities of the State of Bombay and item (3) of the terms of reference requires it to report on the number and details of specific purpose Funds or otherwise earmarked Funds and Statutory Funds in existence. As investments out of Funds constitute Assets and the balances in Funds are shown as Liabilities, the Committee proposes to deal with the Funds along with the other Assets and Liabilities in this Chapter.

8. The assets referred to here are exclusive of land, buildings, stores, articles and other goods which are physical assets as distinguished from financial assets. These latter pertain to cash, securities, shares, credits, loans, etc., which are held by, or owed to, the State. The financial liabilities relate to debts and other obligations owed by the State to the public, the Government of India, the Reserve Bank of India and other banks and bodies, individual or corporate, including Government servants.

9. The value of the Financial Assets and Liabilities of the existing Bombay State will have to be determined and allocated by reference to the figures as on the "appointed day" when the two successor States come into existence. For purposes of considering the nature and the principles on which the allocation of these assets and liabilities between the two States should be made, the position as on 31st March 1959 has been taken as the basis. A statement of the Financial Assets and Liabilities of the existing Bombay State furnished by the Accountant General, Bombay, as on 31st March 1959, is given in Annexure II. A summary of the statement in Annexure II is given below :—



(Rs. in 000)

| | | |
|---|---|---|
| I—*Assets*— | | |
| 1. *Interest Yielding Assets*— | | |
| A—Loans by State Governments ... | | 96,86,63 |
| (*a*) Loans given to Municipalities, Boards, etc. ... ... | 96,70,42 | |
| (*b*) Loans given to Government servants ... ... | 16,21 | |
| B—*Investments in Securities*— | | |
| (1) Reserve Funds ... ... | | 13,01,35 |
| (2) Other Funds— ... ... | | 1,33,35,34 |
| (i) Debt Redemption and Avoidance Fund ... ... | 8,78,74 | |
| (ii) Other Accounts ... ... | 68,02 | |
| (iii) Cash Balance Investment Account ... ... | 98,56,66 | |
| (iv) Sinking Fund Investment Account ... ... | 25,31,92 | |

| | | (Rs. in 000) |
|---|---|---|
| C—Investment in other Commercial Undertakings ... ... | | 21,42,57 |
| D—Capital Investment in Civil Supplies. | | 3,67,17 |
| 2. *Deposits and Advances—* ... | | 5,26,27 |
| (1) Departmental Advances ... | 3,71,72 | |
| (2) Permanent Advances—Civil ... | 19,28 | |
| (3) Accounts with the Government of Pakistan ... ... | 1,31,05 | |
| (4) Accounts with the Reserve Bank of India ... ... | 35 | |
| (5) Departmental and Similar Accounts. | 3,87 | |
| 3. *Cash Balances* ... ... | | 5,04,91 |
| Total Assets ... | | 2,78,64,24 |
| II—*Liabilities—* | | |
| A—*Interest bearing obligations—* | | |
| 1. Public Debt ... ... | | 2,41,96,01 |
| (*a*) Government of India loans ... | 1,72,74,90 | |
| (*b*) Other loans (from Statutory Bodies) ... ... | 3,55,42 | |
| (*c*) Open market loans (bearing interest) ... ... | 65,15,16 | |
| (*d*) Land Compensation Bonds ... | 49,94 | |
| (*e*) Expired Loans (not bearing interest) ... ... | 59 | |
| 2. Floating Debt ... ... | | 87,43 |
| (*a*) Merged States ... ... | 27,83 | |
| (*b*) Other Floating Loans ... | 59,60 | |
| 3. Merged States Deposits ... ... | | ...... |
| 4. Unfunded Debt— ... ... | | 21,65,49 |
| (*a*) Special Loans— ... ... | | |
| (i) Charitable and other Funds ... | 9,70 | |
| (ii) Anand Institute ... ... | 3,60 | |
| (*b*) State Provident Funds ... | 21,46,47 | |
| (*c*) State Certificates and Bank Deposits ... ... | 2,09 | |
| (*d*) Deposits of Electricity Depreciation Fund ... ... | 3,63 | |

| | | (Rs. in 000) |
|---|---|---|
| B—*Interest free obligations*— ... | | |
| 1. Earmarked Balances ... ... | | 85,91,62 |
| 2. Unearmarked Liabilities ... ... | | 33,08,29 |
| (*a*) Deposits of Local Funds ... | 6,79,01 | |
| (*b*) Departmental and Judicial Deposits—Civil Deposits ... | 18,90,09 | |
| (*c*) Other Accounts ... ... | 2,58,17 | |
| (*d*) Cheques and Bills ... ... | 3,40,77 | |
| (*e*) Suspense Accounts . ... | 84,22 | |
| (*f*) Remittances ... ... | 56,03 | |
| Total Liabilities ... | | 3,83,48,84 |

10. The total financial assets of the existing Bombay State are thus estimated as on 31st March 1959 at Rs. 278,64 lakhs and the total financial liabilities at Rs. 383,49 lakhs.

11. Regarding the allocation of assets and liabilities between the two States, it has been stated in the appendix to the Resolution of the Congress Working Committee on reorganisation of the existing Bombay State that these are to be "provisionally shared by the new States on the basis of population and finally according to the provisions of the States Reorganisation Act, 1956, or any agreed variations therein." It appears to the Committee that the provisional sharing of assets and liabilities referred to would be necessary only in those cases in which the final allocation would involve further adjustments or ascertainment of facts after the "appointed day". In respect of the allocation of cash balances and where, for example, the final allocation is on location basis, the question of making any provisional allocation would not arise, and such assets and liabilities should be finally allocated on the basis of the figures on the appointed day.

12. In order to determine the quantum of liabilities which require to be allocated between the two States, it is necessary to invite attention to the amount of Rs. 85,92 lakhs shown in the Statement of liabilities as Earmarked Balances. These represent sums at credit in certain General or Special reserve and other Funds created by the State. A detailed statement of these Funds is given in Annexure III. Except in respect of Charitable (including Medical and Educational) Funds where specified amounts might have been received by the State, these balances really represent an internal liability which the State owes to itself and need not, therefore, be taken into account for purposes of allocation between the two States. The States Reorganisation Act, 1956, also does not provide for the allocation of this liability separately. The liability in respect of the Charitable funds would be allocated to the States in which the obligation to make payments arises in terms of the donation received. The Committee did not have the necessary time to

examine the terms of each fund and is, therefore, unable to designate the new State or States to which these funds should be allocated. But as the amounts involved in these funds are small, the Committee considers that there should be no difficulty in making this allocation by the Government of Bombay in consultation with the Accountant General. The Committee suggests that steps should be initiated immediately to have this matter settled.

13. Omitting the liabilities on account of Earmarked Balances in the funds, the position of the existing Bombay State in respect of financial assets and liabilities would be as follows:—

| | (Rs. in lakhs) |
|---|---|
| Assets ... ... | 2,78,64 |
| Liabilities ... ... | 2,97,57 |

14. The Committee has carefully considered the principles of allocation of assets and liabilities contained in the States Reorganisation Act, 1956, to see whether any variation in them is called for in the special conditions of the existing Bombay State and would like to invite attention to the following matters:—

(*a*) Cost of Construction of a new capital of Gujerat;

(*b*) Investments in Private Commercial Undertakings;

(*c*) Investment in shares and loans to Statutory bodies functioning immediately before the appointed day in a territory which after the appointed day will fall in both the new States;

(*d*) Central Sales Tax Receipts; and

(*e*) Apportioning of liability on account of Public Debt.

15. *Cost of construction of a new Capital for Gujerat.*—The Resolution of the Congress Working Committee provides for the setting apart of Rs. 10 crores out of the assets of the present State of Bombay for the construction of a new capital city for the State of Gujerat. This would be in modification of the principle contained in the States Reorganisation Act, 1956. The legislation for the reorganisation of the present Bombay State should specifically provide that securities of the value of Rs. 10 crores out of those held in the Cash Balance Investment Account would be allocated to the new State of Gujerat and the balance would be allocated between the two successor States according to the population ratio.

16. *Investments in Private Commercial Undertakings and Statutory Bodies set up by the State.*—The States Reorganisation Act, 1956, does not make any specific provision for the allocation of assets in investments in and loans to private commercial undertakings or Statutory Corporations and Boards set up by the State and functioning immediately before the appointed day in a territory which after the appointed day will fall in both the new States. Section 109 of the Act makes a general provision for the functioning of such Statutory Corporations and

Section 106 provides for the apportionment of assets and liabilities of State Electricity Boards "between the successor States in such manner as may be agreed upon between them" subject to such agreement being reached within one year and if no agreement is reached "in such manner as the Central Government may by order determine". Section 91 of the Act makes a residuary provision regarding the allocation of assets and liabilities not dealt with in the Act, by agreement between the successor States or "in default of such agreement as the Central Government may by order direct". It appears to the Committee that in view of the substantial investments of the Government of Bombay in commercial undertakings, and statutory bodies functioning immediately before the appointed day in a territory which (territory) after the appointed day will fall in both the new States, it would be necessary to make a specific provision for the allocation of assets representing the investments in and loans to them. The need for such a provision appears to have been recognised by the Government of India. In its demi-official letter No. F. 21(7)-B/56, Ministry of Finance (Department of Economic Affairs) dated the 8th February 1957, addressed to Finance Secretaries of all States, it has been stated that "where a direct investment has been made, the location of the industry should be the determining factor. Where shares have been purchased and such purchases are not treated as investment of the cash balance, the share holding may be treated as accruing to the successor State in which the principal seat of the business of the company is located."

17. The Committee considers that the allocation of assets in private commercial or industrial undertakings should be specifically provided for by law. Where the assets represent investments under the Cash Balance Investment Account, the overall allocation of which would be on population basis, it should be ensured that while making the allocation, the shares of one undertaking are allocated to one State on the basis of location of the principal seat of the business of the company. Similarly, where the investments are under "72-Capital Outlay on Industrial Development" the allocation would be on the basis of location of the principal seat of the business of the company, which will be taken into account in ascertaining the Capital Outlay incurred in the territory of each of the new States for purposes of allocating the public debt referred to later. If the other State wishes to take over some of these shares this could be agreed to mutually but adjustments of the market value in cash would have to be made.

18. In the case of Corporations or Boards which serve a territory in the existing State such as apex bodies, State Transport Corporation, State Housing Boards, etc. and such territory will after the appointed day fall in the area of the two successor States, the allocation of assets in the shape of shares in and loans to such bodies between the two new States should be made on the basis of the location of the assets of such Corporations in the territories of the new States and in proportion thereto. The Committee considers that the provisions suggested here would be supplementary to rather than in modification of the provisions contained in the States Reorganisation Act, 1956.

19. *Central Sales Tax Receipts.*—The Committee has considered the question of allocating assets in arrears of taxes and is of the opinion that the principle contained in section 78 of the States Reorganisation Act, 1956 should be generally followed. It would, however, like to make a special mention of the Receipts from the Central Sales Tax for the last quarter of 1959-60. As the Central Sales Tax is a tax on transactions, Receipts from this tax during the last quarter of 1959-60 would accrue before the appointed day for the formation of the two States, though they would be collected later. It is, therefore, suggested that while the right to recover the tax should belong to the successor State in whose territories the place of assessment of the tax is included, these receipts should be treated as common receipts after the appointed day and shared by the two successor States on population basis. It should also be provided that any refund in respect of such payments should be similarly shared by the two States in the same proportion as receipts of the tax.

20. *Apportionment of liability on account of Public Debt.*—The Public Debt liability of the existing State inclusive of expired loans not bearing interest amounts to Rs. 2,41,96 lakhs as indicated earlier. This liability has been arrived at after taking into account the provisional allocation of the liability for Public Debt for the areas of the Ex-Hyderabad and Ex-Madhya Pradesh States on population basis and a transfer of liability to the Mysore State on a similar provisional basis. From the information available to the Committee, it appears that when the final allocation of this liability is made on the basis of capital outlay incurred in these areas, the liability of the existing Bombay State in respect of these areas might show a decrease.

21. Section 82 of the States Reorganisation Act, 1956, provides for the allocation of this liability in proportion to the total expenditure on all capital works and other capital outlays incurred up to the appointed day in the territories of the existing State included in each of the successor States. A statement indicating the capital outlay incurred in the existing Bombay State as booked in the office of the Accountant General, Bombay, as on 31st March 1959 is given in Annexure IV. This statement shows the capital expenditure under all capital major heads outside the Revenue account and the figures are shown separately as "Gross", "Deduct" and "Net" after allowing for reductions which have to be made from gross capital expenditure on account of (a) receipts and recoveries on capital account, (b) amount met out of Revenue, and (c) amount met out of various Funds. The net figure given by the Accountant General in the statement referred to above comes to Rs. 193.42 lakhs. From this further deductions as shown below have to be made in terms of the clarifications given by the Ministry of Finance, Government of India, in the demi-official letter referred to earlier. The capital expenditure under the major heads "65-Payment of Compensation for Abolition of Zamindari", "83-Payment of Commuted Value of Pensions" and "85-Payment to Retrenched Personnel" as shown below has to be omitted as expenditure under these heads does not create any concrete assets.

| Major Head. | | Capital outlay (in lakhs of Rs.) |
|---|---|---|
| 1. 65-Payment of Compensation to land holders on Abolition of Zamindari System. | | 50 |
| 2. 83-Payment of Commuted Value of Pensions | ... | 1,15 |
| 3. 85-Payments to Retrenched Personnel | ... | 12 |
| | | 1,77 |

The net capital outlay as on 31st March 1959 relevant for the purpose under consideration would, thus, be Rs. 191,65 lakhs.

22. The figures of Capital Outlay are provisional as expenditure under some of the Capital heads does not include transfers to be made in respect of the areas of the Ex-Hyderabad and Ex-Madhya Pradesh States now included in the Bombay State and certain expenditure incurred in the areas now included in the Mysore State is yet to be transferred.

23. In determining the debt to be allocated, it has been stated by the Government of India, Ministry of Finance, in its demi-official letter No. F. 21(7)-B/56, dated the 8th February, 1957 referred to earlier that "when a loan has been taken for a specific purpose of being relent to a local body, authority or institution or to displaced persons from Pakistan, the liability for the loan should be that of the State which has the right to recover the loan under section 79 of the States Reorganization Act." The details of loans relent to local bodies and institutions and apex bodies are given in Annexure V.

24. The Committee has carefully considered the question of the allocation of Public Debt liability and has come to the conclusion that the principle contained in Section 82 of the States Reorganization Act, 1956 should be modified by the substitution of the following sub-sections in place of the present sub-sections (*2*) and (*3*).

"(2) The public debt of Bombay State attributable to loans raised by the issue of Government securities and outstanding with the public immediately before the appointed day shall, as from that day, be the debt of the new State of Bombay (Maharashtra), and

(*a*) the State of Gujerat shall be liable to pay to the new State of Bombay (Maharashtra) its share of the sums due from time to time for the servicing and repayment of the debt, and

(*b*) for the purpose of determining the said share, the debt shall be deemed to be divided between the two States as in sub-section (*3*)."

"(3) (i) The amount of the public debt represented by specific loans borrowed from the Government of India, the National Co-operative Development and Warehousing Board and the Khadi and Village Industries Commission or in the open market and relent to the local bodies and

institutions, or to the Bombay State Electricity Board, Bombay State Road Transport Corporation and Bombay Housing Board, the Vidarbha Housing Board and the Saurashtra Housing Board, shall, where relent to a local body or institution be the liability of the new State in which the local body or institution is located, and where relent to other three bodies shall be the liability of the new States in proportion to the determined liabilities of the successor bodies or authorities in the new States to pay back the loans to the respective Government arrived at in accordance with the recommendations made in paragraph 18 above.

(ii) The remaining public debt of the State of Bombay attributable to loans taken from the Central Government, Statutory bodies and the Reserve Bank of India or in the open market before the appointed day shall be divided between the two States in proportion to the total expenditure on all capital works and other capital outlays incurred or deemed to have been incurred up to the appointed day in the territories of the existing State included respectively in each of those two States:

Provided that for the purposes of such division, only expenditure on assets for which capital accounts have been kept shall be taken into account and further provided that for the purposes of arriving at the proportion, if any expenditure on capital works and other capital outlay is found to be unallocable as between the territories of the two States, such unallocable part of the Capital Outlay will be deemed to have been incurred in the territories of the two States in the ratio of their population." Consequential change in sub-section (*4*) of Section 82 would also be necessary. The Committee suggests the following provision in place of sub-section (*4*):—

> "Where a sinking fund or depreciation fund is maintained by the existing State of Bombay for the repayment of any loan raised by it, the securities held in respect of investments made from that fund shall be divided between the two successor States in the same proportion in which the total public debt is distributed between the two States in accordance with the provisions of Section 82(*3*)."

25. To summarise, on the basis of the States Reorganisation Act, 1956, with the supplementaries and modifications indicated above, the allocation of the financial assets and liabilities of the existing Bombay State would be as indicated in the following paragraphs.

The financial assets of the State of Bombay consist of the following main items :—

I—*Cash and Cash Balance Investment Account*—

(*a*) Cash held in the form of the cash balances in the Treasuries, in the Reserve Bank, the State Bank of India and the Saurashtra Bank.

(*b*) Cash Balance Investment account held in the form of (i) Treasury Bills, (ii) long dated Government Securities and (iii) Investment in Private Commercial Undertakings.

II—*Investment in Securities for Funds and Sums at Credit in the Central Road Fund*—

(*a*) Investments in securities earmarked for General Reserve Funds.

(*b*) Investments in securities in Reserve Funds for special areas.

(*c*) Investments in Miscellaneous Funds.

(*d*) Investments in securities in Depreciation Funds for Government Commercial Undertakings.

(*e*) Investments in securities for Sinking Funds and depreciation charges for public debt.

III—*Investment in Undertakings on Capital Account*—

Investments in Private Commercial Undertakings shown as Capital Outlay on Industrial Development.

IV—*Loans and Advances*—

(*a*) Loans to Apex Bodies.

(*b*) Loans to various Corporations, Local Bodies, Co-operative Institutions, Individuals, etc.

(*c*) Loans to Government servants.

V—*Stocks held in Civil Supplies*—

26. The position in respect of the above items is briefly explained below :—

I—*Cash and Cash Balance Investment Account*—

The assets included under this head would be divided between the two States on population basis after transferring securities of the value of Rs. 10 crores from the Cash Balance Investment Account to Gujerat towards the cost of construction of its new capital.

II—*Investment in securities for Funds and Sums at Credit in the Central Road Fund*—

A—*Investment in Securities for Funds.*

The States Reorganisation Act, 1956, provides that the investments in Famine Relief Fund and the general fund of an existing State and the sums at the credit of an existing State in the Central Road Fund shall be divided between the successor States according to the population ratio and the investments in any special fund the objects of which are confined to a local area in an existing State shall pass to the successor State in which that area is included. The details of the composition and objects of each fund are given in Annexure III. The

Committee considers the following funds to be special funds investments in which are to pass to the State shown below :—

| Name of the Fund. | State to which investments will pass. |
|---|---|
| 1. Dangs District Reserve Fund. | ... ... Gujerat. |
| 2. Port Reserve Fund | ... .. Gujerat. |
| 3. Port Development Fund | ... ... Gujerat. |
| 4. Kutch Benevolent Fund | ... ... Gujerat. |
| 5. Government Power House Fund | ... ... Gujerat. |
| 6. Forest Local Cess Fund, Baroda | .. ... Gujerat. |
| 7. Anand Institute Fund | ... ... Gujerat. |

The funds mentioned below should be treated as special funds insofar as they relate to purposes which can be identified on the basis of the area to which they relate, the unidentified amounts being treated as general funds:—

1. Private Donations and Contributions Fund.
2. Miscellaneous Funds and Deposits of the former Merged States.
3. Charitable and other funds.

The remaining funds included in Annexure III should be treated as general funds except the following which are dealt with below separately :—

(1) Sinking and Depreciation Funds ;

(2) Debt Redemption and Avoidance Fund ; and

(3) Depreciation Reserve Funds of Commercial or Industrial Undertakings.

The detailed position is indicated in the following paragraphs :—

Investments in securities earmarked for the following General Reserve Funds should be allocated on population basis:—

| Name of the Fund. | Amount invested as on 31st March 1959. (In thousands of Rs.) |
|---|---|
| 1. Bombay State Famine Relief Fund ... | 2,59,11 |
| 2. State Road Fund ... ... | 49 |
| 3. Fund for Development Schemes ... | 2,64,93 |
| 4. Insurance Fund ... ... | 25,60 |
| 5. Bombay State Milk Fund ... ... | 90,08 |
| 6. Securities Adjustment Reserve Fund ... | 52,67 |

Besides these, there are also the following General Reserve Funds but as there are no amounts invested in them the question of allocating their assets does not arise: —

1. State Sugar Cane Cess Fund.
2. Fishermen's Relief Fund.
3. Cultivators' Benefit Fund.
4. State Co-operative Development Fund.
5. Village Development Fund.
6. State Agriculture Credit Relief and Guarantee Fund.
7. Fund for Development of Hindi and State Languages.

Investments in securities in the following Special Reserve Funds should be allocated to the State indicated below: —

(Amount in 000 Rs.)

| Name of the Fund. | Amount invested as on 31st March 1959. | State to which it should be allocated. |
|---|---|---|
| 1. Dangs District Reserve Fund ... | 1,62,47 | Gujerat. |
| 2. Port Reserve Fund ... ... | 1,86,27 | Gujerat. |
| 3. Port Development Fund ... ... | 1,29,98 | Gujerat. |

There are also the following Special Reserve Funds, but as there are no investments in them the question of allocating the assets in them does not arise: —

1. Kutch Benevolent Fund.
2. Government Power House Fund.

In respect of Miscellaneous Funds the position is as follows :—

The Anand Institute Fund has an invested amount of Rs. 3,94,000 which should be allocated to Gujerat. The allocation of the Investments in the Miscellaneous Funds and Deposits of the former merged States in which an amount of Rs. 68,02,000 has been shown as invested on 31st March 1959 should be done on the basis of location after ascertaining the purpose of each of the amounts included in these Funds.

There are also the following Miscellaneous Funds but as there are no investments in them the question of allocating their assets does not arise: —

1. Forest Local Cess Fund, Baroda.
2. Government Guarantee Fund.
3. Private Donations and Contributions Fund.
4. Charitable and other Funds.

Investments in Securities in Sinking Funds and Depreciation Funds for Public Debt would be allocated to the States in the same proportion as the liability for the total Public Debt.

The details of the investments in these funds are given below :—

| Name of the Fund. | | Amount invested as on 31-3-1959. |
|---|---|---|
| | | (Rs. in 000) |
| 1. Sinking and Depreciation Funds | ... | 25,31,92 |
| 2. Debt Redemption and Avoidance Fund | ... | 8,78,74 |

This would of course mean that Gujerat will have to pay to the new State of Bombay (Maharashtra) at the time of repayment of any such debt, its share of the gross sum due for repayment.

There is a Depreciation Reserve Fund for Government Presses but as there is no amount invested in this Fund the question of allocation of its assets does not arise.

Investments in the following Depreciation Funds of Commercial Concerns should be allotted to the States in which the concerns are located :—

| Name of the Commercial concern | Amount invested as on 31-3-1959. | State to which it may be allotted. |
|---|---|---|
| | (Rs. in 000) | |
| 1. Nasik Distillery ... ... | 17,81 | Bombay (Maharashtra) |
| 2. Shri Shahu Chhatrapati Mills, Kolhapur. | 36,54 | Bombay (Maharashtra) |

There are also the following Depreciation Reserve Funds of Commercial concerns but as there are no investments in these funds the question of allocating their assets does not arise.

1. Port Depreciation Fund, Saurashtra.
2. Road Transport Department Fund of the Ex-Hyderabad State.
3. District Water Works Fund.
4. Electricity Department Fund.

B—*Central Road Fund.*

The sum at the credit of the existing State of Bombay in the Central Road Fund as on the appointed day would be divided on population basis.

III—*Investments in Undertakings*—

Investments in Private Commercial Undertakings would be allotted to the States in which the principal seat of business is located.

IV—*Investments in Apex Bodies and Loans and Advances*—

Investments in and loans to Apex or all-State Bodies would be allocated between the two new States on the basis of the division of their assets to the successor bodies or authorities created in the new States. Other loans to local bodies, co-operative institutions, individuals, etc., would be allocated to the States in whose area the loans have been advanced. Loans to Government servants would be allocated to the States to which the Government servants concerned are allocated. The right to recover loans or advances made by the existing State to any person or institution outside the State would go to the new Bombay State (Maharashtra) but the amounts realised would be shared between the two successor States on the basis of population.

V—*Stocks held in Civil Supplies*—

These stocks being physical assets and in the nature of "Goods" referred to in Section 76 of the States Reorganisation Act, 1956, would be allotted to the two States on location basis.

27. The Financial Liabilities of the existing Bombay State consist chiefly of the following :—

I—*Public Debt*—

(*a*) Government of India loans.

(*b*) Other loans (from Statutory bodies).

(*c*) Open Market Loans.

(*d*) Land Compensation bonds.

(*e*) Expired loans not bearing interest.

II—*Floating Debt*—

(*a*) Merged State Balances.

(*b*) Other Floating Loans.

III—*Unfunded Debt*—

(*a*) Charitable and other Funds.

(*b*) Contribution for Anand Institute.

(*c*) State Provident Funds.

IV—*Earmarked Balances*—

Balances in Reserve Funds, Miscellaneous Funds, Depreciation Funds of commercial concerns, Sinking Funds, etc.

V—*Unearmarked Liabilities*—

(*a*) Deposits of Local Funds.

(*b*) Departmental and Judicial Deposits.

(*c*) Other accounts.

VI—*Pensions.*

28. The position in respect of these items is briefly indicated below :—

I—*Public Debt*—

The allocation of liability on account of total Public Debt has already been dealt with in detail in paragraphs 20 to 24 above.

II—*Floating Debt*—

The liability on account of merged State balances would be allocated according as the areas of the States to which the balances relate would now be included in the State of Gujerat or Bombay (Maharashtra). The liability on account of other Floating loans arises because of cash credit arrangements with the State Bank of India to provide short-term finance for certain commercial concerns. This liability should be allocated to the State in which the concerns are situated as provided under Section 81 of the States Reorganisation Act, 1956.

III—*Unfunded Debt*—

The liability on account of Charitable and other funds should be allocated on the basis of the location of the institution etc., for which the Funds are intended. The liability in respect of contribution to Anand Institute would be allocated to Gujerat. The liability on account of State Provident Funds would be allocated to the States to which the Government servants concerned are allocated.

IV—*Earmarked Liabilities*—

It has already been explained above that the question of allocating liabilities on account of the balances in the Funds does not arise.

V—*Unearmarked Liabilities*—

The various deposits referred to under this head would be allocated to the States in whose areas the deposits have been made.

VI—*Pensions*—

The liability in respect of pensions should be allocated in accordance with the provisions contained in the Fifth Schedule to the States Reorganisation Act, 1956.

# CHAPTER III.

## Financial Position of the New States.

29. The Committee has been required to report on the likely financial position with particular reference to the Revenue account of the two new States which may be formed as a result of the reorganisation. The estimation of the overall financial position of a State raises a number of complicated points. Not only has the revenue surplus/deficit of each State to be ascertained but an estimate has also to be made of the likely capital receipts and expenditure. Estimation of the capital receipts requires a view to be taken of the quantum of market loans that the new States are likely to raise in future years as well as the quantum of possible loans from the Centre. In addition, a view has also to be taken regarding Capital Receipts and other Debt and Remittance Heads. Again, an estimation of the capital expenditure from 1961-62 onwards can really be made within reasonable limits of accuracy when the Third Five-Year Plan has taken a more concrete shape. However, it was quite evident to the Committee that the resources which either of the two successor States might be able to muster through their own efforts including any revenue contribution that may be produced by additional taxation or economies for sustaining a capital budget were bound to fall short of requirements if the tempo of development that has been reached in either of the two States is to be just maintained. Any estimation of the overall financial position of each of the new States on the basis of their own resources would thus only bring out the obvious, namely, that the overall financial position would be worse than what the position on revenue account would be. This picture, therefore, is not likely to be of any additional help in the consideration of the problems which necessitated the setting up of the Committee. In the appendix to the Resolution of the Congress Working Committee on the reorganisation of the existing Bombay State it is stated: "In view of the financial position of the present bilingual State, the estimated annual deficit of the State of Gujerat will be met by the new Bombay State (Maharashtra) in the first six years after the formation of the State of Gujerat and by tapering arrangement of 20 per cent. reduction in each successive year during the next four years." In view of the considerations set out earlier, the Committee decided to concentrate its attention under item (2) of its terms of reference to an estimation, as closely as possible, of the position of the two States on Revenue account only, and did not attempt any estimation of the overall deficit in the combined Capital and Revenue account of the two States. A further elucidation of the points relating to Capital budgets of the two States has been made in Chapter IV where the Committee makes its observations regarding the resources for the Third Five-Year Plan of the two States, under item (4) of its terms of reference.

30. The Committee has carefully examined the question of the period for which estimates of the revenue position of the two new States could be made and has come to the conclusion that because of the uncertainties arising out of the commencement of the Third Five-Year Plan in 1961 and the appointment of the Third Finance Commission soon

thereafter, it would be possible to prepare reasonably accurate estimates only for the years 1960-61 and 1961-62. These are the only estimates which could be made available at present to enable a view to be taken, if necessary, of the estimates for future years.

31. In preparing the estimates for 1960-61 and 1961-62, the Committee decided to proceed initially on the basis of the existing budgetary and accounting practices followed in the State of Bombay.

32. In order to ascertain the likely financial position of the two new States in 1960-61 and 1961-62 the Committee decided first to examine in detail the actuals of receipts and expenditure on Revenue account in 1958-59. The detailed examination of the position in 1958-59, the latest year for which actuals were available, was considered necessary in order to facilitate the preparation of future estimates. Districtwise figures of actuals under each Major Head of Account were accordingly obtained and an attempt was made to work out the position of the regions which would constitute the new States of Gujerat and Bombay (Maharashtra). The Committee has proceeded on the assumption that the new States would come into being on 1st April 1960.

33. The regional break-up of the actuals of 1958-59, and the estimates for 1960-61 and for 1961-62 for the two States are given in Statements included in the Annexures VI, VII and VIII. The position revealed in these Statements is summarised below:

34. In 1958-59, the Revenue Receipts of the State as revealed by actuals amounted to Rs. 1,41,16 lakhs including Rs. 9,96 lakhs as Central grants. The total expenditure on Revenue account, after allowing for recoveries of amounts received from the Centre as deduction of expenditure, came to Rs. 1,28,27 lakhs. There was thus a Revenue surplus of Rs. 12,89 lakhs. The regional position would be as follows:—

(Figures in Lakhs of Rs.)

| *1958-59.* | *Gujerat.* | *Bombay (Maharashtra).* |
|---|---|---|
| *Receipts—* | | |
| Revenue Receipts ... ... | 38,77 | 92,43 |
| Central Grants ... ... | 3,33 | 6,63 |
| Total ... | 42,10 | 99,06 |
| *Expenditure—* | | |
| Revenue Expenditure ... ... | 46,32 | 82,69 |
| Central Recoveries ... ... | — 25 | — 49 |
| Total ... | 46,07 | 82,20 |

Thus Gujerat would show a deficit of Rs. 3,97 lakhs and Bombay (Maharashtra) a surplus of Rs. 16,86 lakhs.

35. In 1960-61, the position of the two States would be as follows:—

(Figures in lakhs of Rs.)

| | Gujerat. | Bombay (Maharashtra). |
|---|---|---|
| *Receipts*— | | |
| Revenue Receipts ... ... | 40,28 | 93,56 |
| Central Grants ... ... | 4,55 | 9,08 |
| Total ... | 44,83 | 102,64 |
| *Expenditure*— | | |
| Revenue Expenditure ... ... | 52,93 | 91,18 |
| Additional Cost on Headquarters, etc. ... | 1,25 | 50 |
| Total ... | 54,18 | 91,68 |

Thus Gujerat would have a deficit of Rs. 9,35 lakhs and Bombay (Marahashtra) would have a surplus of Rs. 10,96 lakhs.*

36. For 1961-62, the position in respect of Committed expenditure and Receipts exclusive of Central grants would be as follows:—

(Figures in lakhs of Rs.)

| | Gujerat. | Bombay (Maharashtra). |
|---|---|---|
| *Receipts*— | | |
| Revenue Receipts ... ... | 41,05 | 95,61 |
| *Expenditure*— | | |
| Revenue Expenditure ... ... | 44,71 | 77,50 |
| Additional cost on Headquarters, etc. ... | 1,25 | 50 |
| Total ... | 45,96 | 78,00 |

Thus Gujerat will have a deficit of Rs. 4,91 lakhs and Bombay (Maharashtra) a surplus of Rs. 17,61 lakhs. To this have to be added the Plan expenditure on Revenue account and the Central grants. In view of this the Committee proceeded first to make an estimate of the possible Revenue Plan expenditure of the two States in 1961-62. The surplus of Rs. 12,70 lakhs available for the two States together, added to the Central grants calculated on the existing basis would normally give a Revenue

* See Foot note to Paragraph 36.

Plan outlay of Rs. 21·15 crores. On the basis of population, the Committee assumed that a Revenue Plan outlay of Rs. 14·10 crores for Bombay (Maharashtra) and of Rs. 7·05 crores for Gujerat should be possible. Distributing the corresponding Central grants of Rs. 8·45 crores which are likely to be received for such Plans, on population basis, the overall revenue position of the two States would be as follows:—

(Figures in lakhs of Rs.)

| | *Gujerat.* | *Bombay (Maharashtra).* |
|---|---|---|
| *Receipts—* | | |
| Deficit (–) or Surplus (+) ... ... | –4,91 | + 17,61 |
| Central Grants ... ... | 2,82 | 5,63 |
| Total ... | –2,09 | +23,24 |
| Expenditure on Plan ... ... | 7,05 | 14,10 |

Thus, on the basis comparable to 1958-59 and 1960-61, Gujerat will have a deficit of Rs. 9,14 lakhs and Bombay (Maharashtra) a surplus of Rs. 9,14 lakhs in 1961-62.@

---

@ With reference to the position of the two States disclosed by these figures **Shri Barve** and **Shri Yardi** would like to point out the following facts:—

The Plan II provision for the areas of the new Gujerat State comprises about 40 % of the total Plan provision of the present Bombay State against the ⅓rd population ratio. We estimate that this circumstance itself would result in an increase of a crore and a half of rupees in standing charges in the State of Gujerat as compared to the new State of Bombay for the datum year 1961-62.

Some of the regions of the new Bombay State will have a great deal of leeway of development to make up. In Marathawada and Vidarbha areas comparatively very much smaller Plan provisions would have been expended during both Plan I and Plan II periods. To make up the shortfall of expenditure *per capita* in the regions of Vidarbha and Marathwada during Plan I as compared to the *per capita* expenditure during the same period in the territories of the new Gujerat State an additional expenditure of Rs. 44 crores would be needed. To make up the corresponding deficiency in the Vidarbha and Marathawada regions and in the Maharashtra Districts during Plan II a further additional outlay of Rs. 80 crores would be needed. This additional capital outlay of Rs. 125 crores for making up the leeway of development in these areas would, we compute, on the basis of a 30% revenue component of total Plan outlay, require extra revenue resources of the order of Rs. 7½ crores per year during the Plan III period. The apparently easy position of the Revenue budget in the new Bombay State has to be viewed in this light.

The uncertainty as to how far the present dominating position of Bombay City in the trade and commerce of this part of the country would be maintained in the future introduces another important element of uncertainty in the estimation of revenue receipts of the new Bombay State. Note has also to be taken of the expenditure that will be needed for development purposes in the Greater Bombay Area, the main-stay of the finances of the new Bombay State. An idea of the heavy programmes needed in this connection could be had from the proposals envisaged in the Report of the Bombay Government's Study Group on Greater Bombay published in April 1959.

.............

(Continued on Page 22)

37. The Committee would like to stress that the estimates shown in these statements including figures of regional allocation of actuals of 1958-59 are approximate only as in respect of many items, regional figures had to be worked out on certain assumptions. The Committee had, therefore, to take a broad view on the basis of such information as could be obtained within the time available and to arrive at the best possible estimates. The method adopted in the preparation of these estimates for each of the years and the items which required special consideration are indicated in the following paragraphs.

*1958-59 Actuals—*

38. The financial Statement for this year was prepared on the basis of districtwise actuals collected from the Accountant General and the Pay and Accounts Officer. For further details reference was, in some cases, made to the Controlling Officers and the Administrative Departments concerned. The items which required special consideration were

---

(Continued from Page 21)

2

In this connection **Shri Dehejia** and **Shri Isvaran** would like to point out that in paragraph 29 the Committee has decided to concentrate on revenue account only. The figures to be considered here are of revenue expenditure and not capital. They further observe as under:

The total Plan provision of Gujerat areas is more than the population of 33⅓ % for the following reasons:—

Firstly, Saurashtra and Kutch had independent plans based on their own resources. When these were added on to the Plan of the Old Bombay State, it cannot be expected that the regional distribution would be exactly according to the population ratio.

Secondly, Saurashtra and Kutch had no activities of a nation building nature worth the name before 1948. They were backward especially in matters like roads, irrigation and power. Therefore, their First and Second Plans settled before the re-organisation of 1956 had to be a little bigger proportionately than those of Part A States which had had a long period of better development.

Thirdly, Gujerat area in the old Bombay State itself was comparatively neglected in the previous years; e.g., in 1953, the deficit in roads on the basis of Nagpur Plan was 83 % in Gujerat as against 54 % in Maharashtra, and in the matter of irrigation, in 1951, against 7·52 lakh acres irrigated in Maharashtra area — mostly perennial or two seasonal — Gujerat had only 1·25 lakh acres irrigated and that too seasonal irrigation only. Again, in the British days comparatively more amounts were spent in Maharashtra districts on irrigation and roads for reasons which need not be gone into here; e.g., in 1940, as against a cumulative expenditure of 15 crores of rupees on irrigation in Maharashtra area, less than Rs. one crore had been spent on irrigation in Gujerat area. By the time the popular Government decided to set right this imbalance and began to provide for similar amenities in Gujerat area, the prices had gone up nearly four times.

The *per capita* expenditure on Plan in the areas of (*a*) Saurashtra, (*b*) Gujerat districts, (*c*) Maharashtra districts, (*d*) Vidarbha, and (*e*) Marathawada, should be co-related to the *per capita* resources brought by these States which amounted to—

| | | (Rupees). |
|---|---|---|
| (i) | Old Bombay Area .. .. .. .. (Gujerat revenue receipts were 12.31 *per capita* as against 10·34 of Maharashtra Districts). | 58·25 |
| (ii) | Vidarbha .. .. .. .. .. | 30·26 |
| (iii) | Marathawada .. .. .. .. .. | 0 |
| (iv) | Saurashtra .. .. .. .. | 65·85 |

Further, the Plan expenditure in Gujerat area does not all lead to higher standing charges in 1961-62 as most of the expenditure is on Capital items like irrigation and roads. The expenditure on revenue items is not particularly disproportionate. The committed expenditure for Gujerat in 1961-62 shows little effect of higher capital expenditure in the area in recent years.

those which pertained to certain Common Receipts and Common Expenditure which could not be identified on a regional basis and for which, therefore, allocation had to be made in an *ad hoc* way. The manner in which these items have been dealt with is briefly explained below :—

*Receipts*—

39. The existing Bombay State receives a share in the proceeds of the following Central taxes :—

(i) Union Excise Duties,

(ii) Taxes on Income,

(iii) Estate Duties,

(iv) Taxes on Railway Fares.

The allocation to the two regions of these receipts has been made on population basis. The question whether some other basis would not be more appropriate was considered by the Committee but for the reasons given in the following paragraphs the population basis was adopted:

40. The receipts under Union Excise Duties include the State's share in Central Excise Duties which are distributed among the different States on the basis of population and the share of the State in additional Central Excise Duties levied on mill-made textiles, sugar and tobacco. The basis of distribution of the proceeds of these latter duties among the different States is that lump sum amounts as determined by the Government of India on the recommendation of the Second Finance Commission are given to different States as representing "present income" of the States on account of Sales Tax on those commodities at the time of the change over and an additional amount representing the balances of the net proceeds from the additional Central excise duties is distributed on the basis of percentage fixed by the Central Government for different States. But as these do not appear to be related to any single criterion, there is no other means of calculating the regional shares.

41. The receipts under Taxes on Income represent the share of the existing State, 10 per cent. on the basis of collection and 90 per cent. on the basis of population, but as population was taken as the basis of allocation of the shares of different parts of the States at the time of the States Reorganization in 1956, the Committee considered it more realistic to proceed on that basis.

42. The receipts under Estate Duties represent the share of the States in the proceeds of these Duties levied by the Government of India. In doing so, the Government has adopted the recommendations of the

Finance Commission to distribute the proceeds among the States on the basis of location in the case of immovable property and on the basis of population in the case of other property. There is no means of making any calculations of a contingent receipt of this type on this basis for the two regions and the population basis has accordingly been adopted.

43. The receipts under Taxes on Railway Fares represent the share of the States in these taxes which has been fixed by the Government of India in the form of a percentage calculated on the basis of railway mileage and density of traffic. Though figures of railway mileage in the two regions were available, no estimate of the relative density of traffic could be made. Nor was it possible to ascertain the exact weightage which the Government of India had given to each of these factors in determining the shares of different States. Accordingly the population basis was adopted for this distribution also.

44. The Committee understands that at the time of the reorganization of States in 1956, all the above receipts except the Taxes on Railway Fares which were not in existence at the time, were distributed by the Government of India to the successor states on the basis of populaion. The Committee's method of allocation is also in accordance with this decision. Accordingly, the Committee has followed the same method in estimating the Revenue receipts of the two new States in 1960-61 and 1961-62 as their share of Central taxes. The Committee assumes that the Government of India will also adopt the same procedure as in the past in connection with the reorganization of the State of Bombay and that this will be provided specifically in the legislation to be enacted. Should this assumption be not correct, the 1960-61 and 1961-62 estimates will have to be suitably revised. For instance, if the population basis is not adhered to in the case of receipts from taxes on Income, the receipts for Gujerat would go down and to that extent its deficit on revenue account would increase, while the receipts of Bombay (Maharashtra) would be correspondingly higher and its revenue surplus would increase. Again, if the population basis is not adhered to in the case of the receipts under Taxes on Railway Fares the receipts for Gujerat would go up and to that extent its deficit on Revenue account would decrease, while the receipts of Bombay (Maharashtra) would be correspondingly lower and its revenue surplus would decrease.

45. The principles governing the distribution of the proceeds of Central Taxes among the States are to be reviewed every five years by the Finance Commission as provided for in the Constitution. The position of the two States might, therefore, change after 1961-62.

46. The other Common Receipts which deserve attention are on account of Interest accruing to the State in respect of loans and advances given to the Corporations, Municipalities, Local boards, individuals, etc., and in respect of Securities and other investments by the State. These receipts also have been allocated between the regions on population basis.

47. The receipts on account of Central grants including grants for Plan schemes are also Common Receipts and have been distributed between the two regions on population basis. The existing Bombay State receives grants from the Centre as follows:—

1. Grant under section 74(2) (*a*) of the States Reorganization Act, 1956.

2. Grant towards the cost on account of improving the emoluments of low paid Government servants.

3. Grants under proviso to Article 275(1) of the Constitution, and

4. Grants for Development Schemes included in the Plan.

Of these, the grant under the States Reorganization Act is to be received only up to 1959-60 and is, therefore, of no significance for the future. The grant towards improving of emoluments of low paid Government servants is to continue up to 1960-61 and has, therefore, to be taken into account up to that year only. The remaining grants including grants under the proviso to Article 275(1) of the Constitution are earned on specific Plan schemes included in the State or Central Plan and would be received by the two regions in proportion to expenditure on those schemes. As there was no means of ascertaining the regionwise estimates of Plan expenditure in 1958-59 and 1960-61 except by a detailed scrutiny of each scheme, an ad hoc allocation has been made on population basis. In 1961-62 both the Revenue Plan expenditure and the Central grants have been estimated on the population basis.

*Expenditure—*

48. The expenditure on Debt charges under "17-Interest on Works for which Capital Accounts are kept," "22-Interest on Debt and Other Obligations" and "23-Appropriation for Reduction or Avoidance of Debt" has been allocated on population basis in 1958-59. As the appropriate distribution when the new States are formed would be on the basis of the liability of each State for Public Debt and other interest bearing obligations, the expenditure estimates for 1960-61 and 1961-62 under these Heads have been prepared on that basis.

49. Besides the items of Common Receipts and Common Expenditure referred to above, there were other receipts and expenditure also which were not allocable on the basis of recorded actuals. These related to receipts and expenditure under Stationery and Printing, Cost of Superannuation and of offices which work for the whole State like the Secretariat, High Court and Heads of Departments. All these Common items have been distributed on population basis.

*1960-61 Estimates—*

50. For preparing the estimates for 1960-61 and 1961-62 the estimates of revenue receipts and expenditure prepared by the Study Group appointed by the State Government to estimate the resources of the Third Plan were taken as the basis. Besides correcting errors and omissions and modifying the estimates in the light of the actuals of

1958-59 which were not available to the Study Group, the Committee took into account as far as possible, certain subsequent changes of policy which would affect substantially the receipts or expenditure in future years. The estimates for the new States were prepared for each Major Head by projecting the regional ratios of 1958-59 except where special factors necessitated otherwise. Special consideration was given to the operation of the laws relating to Sales Tax after the formation of the two States and the resulting transfers of certain receipts including increase in the receipts of Inter-States Sales Tax. For the reasons indicated in paragraph 19 of Chapter II, the receipts on account of Inter-State Sales Tax for the quarter ending March 1960, though payable after the appointed day, have been treated as Common Receipts and divided between the two new States on the basis of population. An estimate has also been made of the increase in expenditure on Head quarters and Supervisory establishment due to the duplication of administrative machinery at higher levels.

*1961-62 Estimates—*

51. The assessment of the financial position of the two States in the year 1961-62 presented special difficulties as this would be the first year of the Third Five-Year Plan and the size of the Third Plan has yet to be settled. The proportion of the total Plan outlay which would be incurred in the first year of the Plan and the revenue component of that amount could not, therefore, be estimated with any accuracy. No estimate of the additional sources of income on account of taxation by the State and by the Centre was available. In view of these uncertainties, the Committee first considered the financial position in 1961-62 in respect of expenditure which would become committed in the Third Plan on the basis of existing sources of revenue, and excluded Central grants for Plan schemes and other additional sources so as to ascertain the Revenue surplus available for Plan expenditure. The estimates already made in this connection by the Study Group on Resources for the Third Five-Year Plan appointed by the State Government were taken as the basis and adopted after suitable modification to ensure (*a*) proper classification of the items relating to committed and Plan expenditure and (*b*) adjustment in receipts and expenditure so as to correspond to the figures accepted for previous years.

52. The Committee would wish to refer to one aspect of the estimates that have come out for the years 1960-61 and 1961-62. The existing Bombay State had a surplus of Rs. 12.89 lakhs on Revenue account in 1958-59 and of Rs. 13.27 lakhs in 1957-58. The estimates of 1960-61 show that the new Gujerat State would have a deficit of Rs. 9.35 lakhs on Revenue Account and the Bombay State (Maharashtra) would have a surplus of Rs. 10.96 lakhs. This change in the position of the two States taken together requires a word of explanation.

In 1958-59, the Revenue receipts amounted to Rs. 1,41,16 lakhs and the Revenue expenditure was Rs. 1,28,27 lakhs, giving a surplus of Rs. 12.89 lakhs. For 1960-61, the Revenue receipts for the two States are estimated at Rs. 1,47,47 lakhs and expenditure at Rs. 1,45,86 lakhs showing a surplus of Rs. 1,61 lakhs only. Thus, as against an estimated

increase of Rs. 6,31 lakhs in Revenue there is an increase of Rs. 17,59 lakhs in expenditure, over the figures of 1958-59. The items of expenditure which have recorded a substantial increase are given below :—

*Estimates for 1960-61.*

| Head of Expenditure. | Estimated increase over the expenditure in 1958-59. (figures in lakhs of rupees). |
|---|---|
| 1. Additional cost on account of Headquarters establishment ... ... | 1,75 |
| 2. Interest on Debt and Other Obligations. | 2,73 |
| 3. Appropriation for Reduction or Avoidance of Debt ... ... | 52 |
| 4. Land Revenue ... ... | 64 |
| 5. Civil Works ... ... | 98 |
| 6. Transfers to funds outside the Revenue account ... ... | 97 |
| Total ... | 7,59 |

The balance of Rs. 10,00 lakhs is mostly on account of increase in expenditure under the Plan.

It is a matter of judgment whether this rate of Plan expenditure would be attained. The Committee understands that the budget estimates for 1959-60 for the existing State of Bombay assumed a similar rate of development as has been assumed for 1960-61. In the absence of any information regarding the progress of Plan expenditure in the current year the Committee is not in a position to express any opinion on this point except to say that if the actual rate of expenditure on the Plan in 1959-60 falls short of that assumed for the purpose of estimates for 1960-61, the Revenue accounts of both the States are likely to show a somewhat better picture than shown in the figures arrived at in the statement.

53. An important point faced the Committee during its discussions. As explained above the estimates of the Revenue accounts of the two States for 1960-61 and 1961-62 have been prepared on the basis of the existing budgetary and accounting practices prevalent in the Bombay State. These estimates reveal that in 1960-61 Gujerat State will incur a deficit of Rs. 9,35 lakhs on revenue account and in 1961-62 a deficit of Rs. 9,14 lakhs. In the same years, the Bombay State (Maharashtra) will have a surplus of Rs. 10,96 lakhs and Rs. 9,14 lakhs. Two items of expenditure which have gone into the build up of these accounts are : (*a*) Sinking Funds and Depreciation charges on Public Loans and Provision for Repayment of Central loans taken prior to 1st April 1956, amounting to Rs. 2,90 lakhs in 1960-61 and Rs. 2,73 lakhs in 1961-62 in the case of the State of Gujerat and Rs. 3,77 lakhs in 1960-61 and Rs. 3,56 lakhs in 1961-62 in the case of Bombay State (Maharashtra) ; and (b) Transfer to State Road Fund of Rs. 2,00 lakhs in 1960-61 and

Rs. 2,09 lakhs in 1961-62 in the case of the State of Gujerat and Rs. 3,97 lakns in 1960-61 and Rs. 4,20 lakhs in 1961-62 in the case of Bombay State (Maharashtra).

54. During the discussion in the Committee on these items two views were expressed. One view was that the present budgetary practices should not be disturbed and the revenue position of the two States should be brought out accordingly. The other view was that the revenue position should be brought out in the report after excluding the above two items of expenditure. The arguments advanced in favour of the former course were :—

(1) The appendix to the resolution of the Working Committee which embodies the agreed conclusions referred to in the resolution mention annual deficit without any qualification and so should be interpreted to mean the deficit as has been done in paragraphs 35 and 36.

(2) This Committee is not required under the terms of reference to make any suggestions for variation in the existing and long standing accounting and expenditure patterns. There is neither any need nor any justification for a deviation from the existing budgetary and accounting practices of the present Bombay State in the matter of ascertaining the likely financial position of the two successor States with particular reference to Revenue account.

(3) Whether this provision is made in Revenue account or not, the necessary sums have to be found from year to year for repayment of the debt.

(4) The deficit on Revenue account is not relatable to any particular item of expenditure.

(5) The Capital Budget of Gujerat State (details given below)* will be heavily deficit and there is no justification to transfer some items of expenditure from Revenue to Capital side.

---

*(The details below have been given by **Shri Isvaran**.)

Capital receipts and Capital expenditure estimated for 1960-61 in the estimates for the existing State as sent to the Planning Commission by the Government of Bombay.

(All figures in crores of Rupees).

| *Receipts.* | | *Expenditure.* | |
|---|---|---|---|
| Market Loans .. .. | 15·00 | Capital outlay on Plan Schemes— | |
| Loans from Centre :— | | (i) State Plan .. | 73·81 |
| (i) Small Savings .. | 17·00 | (ii) Central Schemes .. | 2·67 |
| (ii) State Plan .. .. | 20·07 | Capita Outlay on Non-Plan items .. | 1·45 |
| (iii) Central Schemes and other loans. | 2·67 | | |
| Net receipts from debt, deposits, etc. | 13·21 | Debt to Government of India to be discharged. | 3·87 |
| Total .. | 67·95 | | 81·80** |

**The excess expenditure of Rs. 13·85 crores will be met by withdrawal from Reserves.

(Continued on Page 29)

(6) In view of the large debt liability that will fall to Gujerat's share the public credit of the State would be badly shaken if Sinking Fund and Depreciation provisions are not made annually in the Budget.

(7) When the Government of India wrote to all the States that provision for Sinking Fund and Depreciation charges in the Revenue Budget was not necessary, Government of Bombay did not accept that suggestion on the ground that it was a bad financial practice to omit to make such a provision annually.

---

.(Continued from Page 28)

The division of this amount region-wise will be as follows:—



| *Receipts* | Present State of Bombay. | Gujerat. | Bombay (Maharashtra.) | *Expenditure.* | Present State of Bombay. | Gujerat. | Bombay (Maharashtra.) |
|---|---|---|---|---|---|---|---|
| 1. Market Loans .. | 15 | 5 | 10 | 1. Capital Outlay on Plan Schemes. | 76·48 | 25·48 | 51 |
| 2. Loans from the Centre.— | | | | 2. Capital Outlay on Non-Plan items. | 1·45 | 0·70** | 0·75 |
| (i) Small Savings. | 17 | 5 | 12* | | | | |
| (ii) State Plan and (iii) Central Schemes and other loans. | 22·74 | 7·6 | 15·14 | | | | |
| 3. Net receipts from debt, deposits and remittances. | 13·21 | 4·0 | 9·21† | 3. Debt to Government of India to be discharged. | 3·87 | 1·87‡ | 2·00 |
| Total .. | 67·95 | 21·6 | 46·35 | Total .. | 81·80 | 28·05 | 53·75 |

*More than 66 % is shown under Maharashtra as Bombay City contributes 11/26 of the total collections.

†More than 66 % is shown under Maharashtra as deposits in Bombay City are high.

**More than 33 % is shown under Gujerat as being a new State, it will have to incur comparatively more expenditure on non-plan items.

‡More than 33 % is shown under Gujerat as it will be assuming liability for more than 33 % of public debt.

(8) It cannot be the intention that as a result of the reorganization either of the successor States should be forced to adopt new practices which are at variance with accepted canons of public finance.§

The arguments in support of the latter course were that so far as the provisions for repayment of Central loans and for Sinking Funds are concerned these were not of an obligatory type which should be a charge on the Revenue account. It was stated that this question whether such provision should be a charge on the Revenue account or should be met from the Capital resources was considered in 1955 when a suggestion to transfer the non-obligatory charges (i.e. these charges, except the depreciation charges) to Capital account was made by the Government of India. In Shri Rangachari's demi-official letter, dated 11th January 1955, to State Finance Secretaries it was stated:

"Some of the State Governments have brought up the difficulty experienced in balancing their revenue budgets, due among other things to the progressive increase in debt charges arising out of the

---

§As regards (3), **Shri Barve** and **Shri Yardi** would observe that it is implicit in the suggestion of the Government of India adverted to later on in the same paragraph that in the present special context of all-out development loan repayments will have to come when they fall due out of capital sources including the raising of further loans in the future, which last is a device quite frequently adopted in the public debt policies of Governments.

As regards (5) and (6) Shri Barve and Shri Yardi would invite attention to the opening paragraph of this Chapter, in which it is shown that both the States of Gujerat and Bombay (Maharashtra) are going to be short in respect of their "own resources" on the Capital side.

The point of view advanced later on in paragraph 54 of the Report is not that no provision should be made for amortisation of loans but merely that such provision should not be included in the Revenue Account for the purpose of estimating the real Revenue deficit. The provision will of course have to be made on the Capital side of the budget.

Shri Barve and Shri Yardi would also point out that in terms of Section 82 of the States Reorganisation Act, 1956, the public debt of the State of Gujerat would have been even larger. In fact the only variations made in the Committee's Report in this regard (paragraph 24, Chapter II supra) are designed to and have the effect of reducing the burden of the public debt of the State of Gujerat below what it would have been on the strict application of the provisions as in the States Reorganisation Act, 1956.

..............

2

**Shri Dehejia** and **Shri Isvaran** would like to state that it is to be noted that the suggestion of the Government of India that the States are not compelled to make provision on the revenue account for Sinking Fund contribution was motivated not so much in the context of development as in the context of many of the States continuously resorting to deficit budgets. Further, there is no meaning in the suggestion that provision for amortisation of loans will have to be made on the Capital side of the budget when this side of the budget will be heavily deficit in Gujerat State.

implementation of the Plan. While it is obvious that interest and obligatory Sinking Fund charges must be fully met from current revenues, in the present context, when all the resources of the Centre and the States are mobilised for financing development and no real revenue surplus is available for repayment of debt or debt redemption, there is no reason why the revenue budget should be distorted by including provision for repayment of loans or for non-obligatory Sinking Funds. Provision for the repayment of loans may be made in the capital budget and the provision for Sinking Funds in the revenue budget restricted to what the State Government is bound to provide in accordance with any law or with any specific undertaking given in the case of any loan. If you agree, the budget for the coming year may be framed on the above basis." This suggestion was considered by the Government of Bombay which then had no difficulty in balancing the Revenue account and took the decision to continue to show (*a*) all depreciation charges (*b*) contribution to Sinking Fund in respect of public loans taken before 1st April 1956, and (*c*) repayment of Central loans taken before 1st April 1956, on Revenue account and to show only charges on account of repayment of Central loans taken after 1st April 1956 and Sinking Fund contribution for public loans raised after 1st April 1956 to Capital account. The accounting practices followed hithertofore in the State of Bombay were appropriate to its relatively easy position on the Revenue account until now. These accounting practices are susceptible of modification as suggested by the Government of India and they can legitimately be modified in the context of a less favourable position of Revenue account which will obtain in the State of Gujerat. In fact the removal of the entire provision from the Revenue to the Capital account would be no more than merely the extension of a principle already accepted even in the existing Bombay State and applied to all loans taken after 1st April 1956. So far as the depreciation charge is concerned it was hithertofore included in the Revenue account of the Bombay State being regarded as an obligatory charge by virtue of the announcement made in the notifications of loans in respect of public borrowings. As the liability for these loans *vis-a-vis* the public will be assumed by the new State of Bombay (Maharashtra) there will be no obligation on the State of Gujerat to regard this charge as obligatory and, therefore, debitable to the Revenue account. If the amount required for making these payments was included as revenue expenditure and taken into account in estimating revenue deficit of Gujerat to be met by the new Bombay State (Maharashtra) it would

really amount to the new State of Bombay (Maharashtra) contributing for the repayment of the share of the public debt due to fall on Gujerat in consequence of the reorganisation.

55. Again on the question of statutory transfer to the State Road Fund it was pointed out on the one hand that—

(1) Such transfers were necessitated by a specific provision in the laws relating to taxation of motor vehicles and the tax on sale of motor spirit which laid an obligation that a specified share of the proceeds of these taxes should be taken to the State Road Fund and utilised on the construction, improvement and maintenance of roads.

(2) Irrespective of whether the State Road Fund is treated as a part of revenue account or not, the amount in the Fund has to be utilized for the specified purposes and for no other;

(3) If the amount in the State Road Fund is spent on roads in the Revenue account, the expenditure in revenue account will increase to the extent of such expenditure; and

(4) In view of the obligation for utilising the proceeds of the taxes already undertaken and the need for providing an adequate service to the motoring public, it will not be possible to amend the law without inviting serious troubles.

On the other hand, it was argued that the circumstance that there exists in the present Bombay State a legal provision about funding, which unless the law is specially adapted would apply to the new State of Gujerat, is quite irrelevent to the consideration of the real Revenue deficit of the State of Gujerat, that is to say, the Revenue Receipts *minus* the outgoings as this position cannot be altered by the incidence of any such funding enactment. It may also be observed that in the estimates of resources asked for by the Planning Commission transference to any such funds is specifically asked to be omitted in the estimation of revenue resources of the State.†

56. If the two items referred to in the foregoing paragraph are to remain in the Revenue account, the position of the two new States would be as has been brought out in paragraphs 35 and 36. The position of the two States if the two items are excluded from the Revenue account, would be as follows:—

(Figures in Lakhs of Rupees)

| | Gujerat. | | Bombay (Maharashtra). | |
|---|---|---|---|---|
| | 1960–61. | 1961–62. | 1960–61. | 1961–62. |
| | Rs. | Rs. | Rs. | Rs. |
| Deficit (—) or Surplus (+) as estimated in the Statements. | —9,35 | —9,14 | +10,96 | +9,14 |
| Modification for transfer of Amortization charges. | +2,90 | +2,73 | +3,77 | +3,56 |
| Modification for transfer to State Road Fund. | +2,00 | +2,09 | +3,97 | +4,20 |
| Net real deficit (—) or surplus (+) on Revenue account. | —4,45 | —4,32 | +18,70 | +16,90 |

* **Shri Dehejia** wishes to point out that the Government of the present State of Bombay also makes provision for Sinking Funds for certain loans other than Public loans, particularly where repayment has to be made in a lump sum after a certain period.

.....................

† **Shri Dehejia** wishes to point out that the Government of the present State of Bombay has actually shown the amount available from the State Road Fund as a resource on the Capital side for the Second and Third Five-Year Plans.

57. The Committee could not come to any agreement on the two points mentioned above and decided that as it was not required under its terms of reference to consider the fixation of the amount which the new Bombay State (Maharashtra) should pay to the new State of Gujerat during the period of 10 years referred to in the appendix to the resolution of the Congress Working Committee it would be sufficient if these points were brought to the notice of the Government of Bombay so that a decision could be taken by the appropriate authorities. The Chairman of the Committee stated that it was his understanding that this question of treatment of sinking funds and depreciation charges and provisions for repayment of debt and transfers to funds to meet capital expenditure out of revenue had come before the Government of India and the two Finance Commissions that had been set up in the past, in the context of the determination of the deficits of States with a view to decide as to how much should be met from external sources and that the view that had been taken by the Government of India was that such items of expenditure need not be taken into account in arriving at the revenue deficit of any State in the context of this being met from external sources. One reason for this view was that Sinking Funds were built up to provide for repayment of loans which could as well be met by taking loans, in which case, only the interest charges would continue to be the burden on the Revenue account. However, he also agreed that the terms of reference of the Committee did not require any recommendation to be made on this point and that the best course is to leave these two points to be decided by the appropriate authorities.*

---

* **Shri Dehejia** would in this connection like to state that the circumstances in which the Government of India considered the question were different. In the first place the matter before the Committee is not one of an "external" agency meeting revenue deficit for the purpose of presenting a balanced budget. During the last several years, the existing State of Bombay has enjoyed a fairly large revenue surplus. In regional assessments of receipts and expenditure, it has been found that due to a variety of reasons, Bombay City has contributed a large surplus which has been partly utilised for meeting the deficit in Gujerat and Maharashtra. This was also noticed by this Committee when it analysed the figures for 1958-59. In the opinion of Shri Dehejia the resources which have hitherto been available to the areas of the present State should not immediately on reorganisation of the State, be treated on par with assistance from an external agency. In a sense, the agreement to meet the annual deficit referred to in Annexure I is a continuance of the sharing of the surplus of the present State to a limited extent and for a limited period. Shri Dehejia further wishes to mention that the view of the Government of India referred to, on the question of funding, overlooks the binding need to discharge the obligations imposed by statute on the utilisation of tax proceeds. If they are not there can be a successful petition for a writ under the Constitution. A distinction has, therefore, to be made between funding under a statute and that under executive orders irrespective of the view an external agency may take for the purpose of assessing the assistance that it would render.

.......................

2

**Shri Barve** and **Shri Yardi** would like to state as under:—

It is obvious that the view referred to in para 57 comprehends funding arrangements, whether statutory or executive. Attention is, for instance, invited to the following few quotations from the Report of the latest Finance Commission (1957)—Chapter I: "Introductory"—Section VIII—"Assessment of Needs of States";

"87. We have omitted from our estimates all items of a capital nature. Most of the States had already removed from the revenue budgets many such items as a result of the suggestions made to the State Governments by the Government of India in October 1955. The object was to transfer from the revenue budget to the capital budget all items of expenditure which created tangible assets ........".

"90. It has been the practice in certain States to provide in the revenue budgets substantial sums for amortisation of debt. Such provision has been excluded from our estimates of committed expenditure. In the present circumstances, when the public debt of the States is increasing and the States depend in a substantial measure on devolution of Central revenues for meeting even their committed expenditure, it seems unrealistic to provide for amortisation of debt from revenue, as such provision has, in effect, to come from further devolution of Central revenues. **We are wholly in favour of amortisation of debt from revenue, if it could be met out of a real revenue surplus. But now no State has such a surplus.**

**(Continued on Page 34)**

58. *Methods of Financial Adjustment.*—The Committee has not been specifically required by its terms of reference to examine the methods of financial adjustment on account of the payment by the new State of Bombay (Maharashtra) of grants to meet the deficit of Gujerat State. In view, however, of the demi-official letter received by the Chairman from the Chief Secretary to Government of Bombay, referred to in Chapter I, the Committee has given some thought to the question. For this purpose the Committee took the agreement embodied in the appendix to the Resolution of the Congress Working Committee as the

---

**(continued from page 33)**

"91. In certain States, special funds for meeting specific items of expenditure have been constituted to which transfers are made from revenue. Where such transfers are made for financing capital outlay, they have been excluded. But when they are for meeting expenditure normally chargeable to revenue, such as maintenance expenditure, we have included them in our estimate of committed expenditure."

*N.B.*—Ordinary repairs and maintenance of roads is already fully provided for in the Revenue account in the Committee's estimates under "50-Civil Works".

Also under "Introductory Notes" prefacing Appendix XIII of the Finance Commission's Report giving a "Summary of the Budgetary position of the States" it is observed as under:—

"Revenue and Expenditure exclude transfers from and to Revenue Reserve Funds, Sugarcane Cess Funds and State Road Funds."

Also under 4 of the same:

"4. Expenditure excludes appropriations for reduction or avoidance of debt."

The context of the Finance Commission's consideration of the matter is obviously identical with the present context in this respect, namely determination of the real deficit of a State on revenue account.

As regards the reference to "external agency", Shri Barve and Shri Yardi would only observe that the meeting of the deficit by one State of another within the Union of India is no less "external" than the grants-in-aid of revenue by the Central Government to the constituent States which was the context of the Finance Commission's consideration of the matter.

Shri Barve and Shri Yardi also state that while not accepting the views expressed by Shri Dehejia regarding the purport and motivation of the agreement to meet the annual deficit referred to in Annexure I, they do not wish to express any views as it is outside the Committee's terms of reference.

. . . . . . . . . . . . . . .



3

**Shri V. Isvaran** would like to observe that the Finance Commission has stated that they were in favour of amortisation of debt from revenues if it could be met out of a real revenue surplus. He was of the view that while deciding on Reorganization of the Bombay State it has been the intention of the authorities concerned that both the successor States should start with balanced budgets. A decision to omit provision for amortization of debt would lead to the implication that one or both the States will continue to be a deficit State, which is contrary to the intention of the authorities concerned.

The context in which the Finance Commission went into the question of the financial position of the States is quite different from the context in which the Working Committee of the Congress has considered the question of meeting the annual deficit of the Gujerat State. The Working Committee desired that the whole deficit of the Gujerat State should be met by the payment by the State of Bombay (Maharashtra). The terms of reference of the Finance Commission referred, in addition to Article 280 of the Constitution, to "The States which are in need of assistance by way of grant-in-aid and the revenues of those States under Article 275 and the sums to be paid to those States having regard among other considerations to the requirements of the second Five Year Plan and the efforts made by those States to raise additional revenues from the sources for both and the principle which should govern the distribution under Article 269 of the net proceeds in any financial year of Estate Duty etc."

It will be seen that there is no mention in the terms of reference that the Finance Commission has to report on how the Government of India could meet the total deficit of all the States.

As regards the point whether grants from Government of India to States are on the same footing as by the State of Bombay (Maharashtra) to the State of Gujerat to meet the annual deficit of the latter, it has to be noted that the Government of India is not statutorily bound to meet the full deficit of all the States while the Working Committee of the Congress has intended that the State of Bombay (Maharashtra) should meet the annual deficit of the Gujerat State.

basis. It is stated therein that "effect will be given to this financial adjustment, as far as may be in one lump sum by reflecting the capitalised amount in the apportionment of suitable assets and liabilities at the time of reorganisation. For the computation of the capitalised amount, the prevailing market rate of interest on the Government of India's securities on the appointed date will be assumed." The *modus operandi* is given in the agreement conveyed in the demi-official letter, dated 16th December, 1959 from Shri Y. B. Chavan, Chief Minister, Bombay to Shri G. B. Pant, Union Home Minister, the relevant extract from which is given in Annexure I.

59. In view of this agreement, the Committee considers that the payment to be made by the new State of Bombay (Maharashtra) in the first two years, 1960-61 and 1961-62, should be by adjustment of the amount to be so paid, out of the shares otherwise due to the two new States in the Income Tax receipts and Central Excise Duty receipts from the Centre. The payments for the remaining 8 years should be in one lump sum representing the capitalised amount to be paid 50 per cent. by increase in the share of assets to be allocated to Gujerat in the shape of securities and 50 per cent. by a reduction in the share of the liabilities of public debt to be allocated to it, and by corresponding adjustments in the assets and liabilities of the State of Bombay (Maharashtra). For the computation of the capitalised amount the prevailing market rate of interest on Government of India securities on the appointed day should be assumed. As the annual payments which this lump sum would represent would have commenced in the third year and end in the tenth after the appointed day and further as the amounts payable in the last four years were to decrease, the interest rate to be adopted should be based on the yield of Government of India securities having a maturity of five years on the appointed day.

60. The Committee would like to make a reference to one important point which is not covered by the formula for adjustment conveyed in Shri Chavan's demi-official letter, dated 16th December, 1959, to Shri G. B. Pant. This formula suggests that the arrangement for payment of the balance of the lump sum after adjustment of agreed amounts in the shares of the two States in the receipts from Income Tax and Central Excise duties during the first two years, should be 50 per cent. by increase in share of assets to be allocated to Gujerat and 50 per cent. by reduction in the share of liabilities to be allocated to Gujerat with corresponding adjustments in the assets and liabilities to be allocated to Bombay (Maharashtra). While adjustment in the allocation of assets and liabilities would no doubt alter to some extent the position on revenue account, it will not be possible by that method to ensure that the Revenue Budget of Gujerat would not continue to show a deficit. The revenue deficit of Gujerat would under this method have to be met by withdrawals from Reserves transferred to Gujerat as assets but such withdrawals would not constitute a direct Revenue receipt and it would still be necessary for that State to exhibit the deficit on revenue account and then to show the withdrawals from securities in the Reserves as a means of covering the deficit. It would be desirable to avoid the possible adverse effects of having to show such budgetary deficit on the public credit of the new

State of Gujerat. In the opinion of this Committee it would be desirable to adopt a method which would ensure that Gujerat can take credit for the sum annually required to meet its deficits as a direct Revenue Receipt. This object could be achieved by setting up a Statutory Fund in the State of Gujerat under the Act constituting the new States and providing for annual transfers to the revenue account of Gujerat of the amount equivalent to the estimated deficit on the basis of which the lump sum is calculated. The Committee accordingly recommends that the Act constituting the two States should provide for the creation of a Fund with the securities transferred by the State of Bombay (Maharashtra) representing half the lump sum to be transferred to Gujerat and by adding thereto an equivalent amount of Securities out of those transferred to the State of Gujerat as its share of the assets of the existing State. This Fund will be liquidated in a period of 8 years commencing from the Third Year after the appointed day by making the stipulated annual payments to the revenues of the new State of Gujerat.

# CHAPTER IV.

## THE RESOURCES FOR THE THIRD FIVE-YEAR PLANS OF THE TWO STATES.

61. By item (4) of its terms of reference the Committee is required to report on the Resources for the Third Five-Year Plans of the two States. In order to consider the resources, it is necessary first to have some idea of the probable size of the Plans and the approximate proportion of revenue and capital expenditure required to finance them. Even the broad decisions on these aspects have yet to be taken. In the meanwhile, it is only possible to indicate the various approaches to identify the order of the figures involved.

62. Regarding the size of the Plans of the two States, it is possible to make an estimate either on the basis of the implementing capacity as revealed by the latest available figures of actuals of expenditure incurred, making a due allowance for a progressive increase in future years or by assuming an approximate increase related to increase in the National Plan outlay over the outlay of Rs. 350 crores in the Second Five-Year Plan of the existing State of Bombay. On the first basis, taking the actuals of Plan outlay of the existing Bombay State in 1958-59 at about Rs. 71 crores and the Budget Estimates for 1959-60 at about Rs. 90 crores, the size of the Plans of the two States, after allowing for a progressive increase each year, would be somewhere between Rs. 450 and Rs. 540 crores. The Study Group set up by the Government of Bombay to estimate the resources of the Third Five-Year Plan has assumed an outlay of Rs. 525 crores for the Third Plan on the basis of 50 per cent. increase over the outlay in the Second Plan. It appears to the Committee that the total outlay on the Plans of the two States would lie within the limits of Rs. 450 and 525 crores, depending on the implementing capacity of the States on the one hand and the available resources on the other. Dividing this total outlay on population basis, the Third Plan for Gujerat State should be somewhere between Rs. 150 to 175 crores and for the Bombay State (Maharashtra) between Rs. 300 to 350 crores.

63. In estimating the resources available for Plans of this size, it would be necessary to assess the order of internal resources available to the States and to bring out the measure of Central assistance that would be required. The Study Group has given a broad indication of the sources available to the existing State for financing the Third Plan. In view of the limited time and material available to the Committee, it has not been possible for it to make a fresh estimate of these resources. It is, however, necessary to indicate in the light of the assessment made by the Committee of the revenue position of the two States, the exent to which each of the two States could be expected to finance its Plan from its own sources.

64. For this purpose, it is essential first to determine the order of expenditure required for financing the Plan on Revenue account and to consider the extent to which the available resources on

Revenue account would meet this expenditure and provide a contribution to Capital resources. Taking the estimate of Rs. 21·15 crores shown in Chapter III as revenue Plan expenditure in 1961-62 as the minimum and allowing for some increase in later years as inevitable, the Revenue expenditure in the two Plans might be estimated at somewhere between Rs. 125 and Rs. 150 crores, depending on the nature of the schemes included in the Plans. The balance of Rs. 325 to Rs. 375 crores might be taken as Capital expenditure.

65. The resources available to each State for financing its revenue expenditure will consist of :—

(*a*) Surplus, if any, on Revenue account after meeting committed expenditure ;

(*b*) Central grants on Plan schemes ;

(*c*) Additional taxation by the State ;

(*d*) Share of Additional taxation by the Centre.

The annual payments to be made to the State of Gujerat by the State of Bombay (Maharashtra) would have to be taken into account in estimating the surplus on Revenue account available to each State.

66. From the figures of Revenue receipts and Revenue expenditure shown for 1961-62 in Chapter III it will be seen that the State of Gujerat will have a deficit of Rs. 4,91 lakhs on Committed expenditure. The Study Group on Resources has estimated a total income of Rs. 30 crores from additional State taxation during the Third Plan period. On a population basis, the share of Gujerat State would be Rs. 10 crores or about Rs. 2 crores per year. The receipts from such taxation and the annual payments by the State of Bombay (Maharashtra) would provide the necessary internal resources to support the revenue Plan outlay for Gujerat. It is not, therefore, possible to assume any significant revenue surplus available for Capital expenditure for the Plan of the State of Gujerat.

67. In the case of the new State of Bombay (Maharashtra) the revenue surplus after meeting the committed expenditure in 1961-62 would be Rs. 17,61 lakhs. From this the annual payments to be made to the State of Gujerat and the requirements of the State's own revenue Plan outlay will have to be met. Insofar as the State of Bombay (Maharashtra) goes in for additional taxation on the basis indicated in the report of the Study Group, it might be able to show a small positive balance for meeting its Capital Plan expenditure.

68. Some estimates of capital resources which can be raised by the two States during the Third Plan period can be derived from the following figures given by the Study Group :—

| | | | Rs. |
|---|---|---|---|
| 1. | Open Market Borrowing | ... | 75 crores. |
| 2. | Other Capital Receipts like Recoveries of Loans and Advances by the State Government, State Provident Funds and Transfers from Revenue to General Funds (Net) | ... | 71 crores. |
| | Total | ... | 146 crores |

The rest will have to come from Small Savings and other loans from the Centre related to State Plans and Central schemes. The total receipts under the above Heads estimated by the Study Group at Rs. 146 crores would have to be apportioned between the two States in order to arrive at their Capital resources. As the Capital expenditure in the Plans of the two States would be of the order of Rs. 300 to Rs. 350 crores, it is evident that the proportion of capital resources which each State can raise internally would be small, and the size of the Plans of the two States would have to be related to the amount of Central assistance available for financing their programmes.

# CHAPTER V

## CONCLUSION.

69. It is usual for Committees to append a summary of their findings and recommendations at the end of their reports. In view of the short size of the report, the Committee has not considered it necessary to do so.

70. In conclusion, the Committee wishes to place on record its appreciation of the work of the Secretary, Shri N. S. Pardasani. The work of the Commmittee has thrown a great burden on him, but with his capacity for hard work and grasp of facts and figures he has been able to do the work allotted to him in the most efficient manner possible. But for the help rendered by him in placing the requisite material before the Committee always in time, it would have been difficult for the Committee to go through all the relevant material in such a short time.

P. C. BHATTACHARYA
Chairman.

V. T. DEHEJIA
Member.

V. ISVARAN
Member.

S. G. BARVE
Member.

M. R. YARDI
Member.

N. S. PARDASANI
Secretary.

Bombay, 26th January 1960.

Even though it is somewhat unusual to do so, we wish to place on record our warm appreciation of the manner in which the Chairman conducted the entire proceedings of this Committee on these very complex issues. We are grateful to him for his uniform courtesy and great patience and would take this occasion of recording our unreserved

appreciation of the high competence and absolute fairmindedness with which he addressed himself throughout to resolving the differing opinions on some issues. But for the State Government's good fortune in securing his services for the Chairmanship of this Committee, this measure of agreement might not have been procured.

V. T. DEHEJIA
Member.

V. ISVARAN
Member.

S. G. BARVE
Member.

M. R. YARDI
Member.

(G.C.P.) L-C H 4676—6

## ANNEXURE I

### RESOLUTION OF THE CONGRESS WORKING COMMITTEE ON REORGANIZATION OF THE BOMBAY STATE AND EXTRACT FROM DEMI-OFFICIAL LETTER FROM SHRI Y. B. CHAVAN TO SHRI G. B. PANT.

### A

Resolution of the Congress Working Committee dated December 4, 1959, on the Reorganisation of the Bombay State.

*Preamble.*

The Working Committee have given careful consideration to the report of the Committee of nine appointed to advise the Congress President on the question of reorganisation of the Bombay State.

The nine-man Committee considered various aspects of this question and in the event of such reorganisation being decided upon further considered in what manner this should be done. The object of the committee was to obtain the largest measure of agreement and to recommend a scheme which would be beneficial to the States and people concerned and desirable in the larger interests of the Nation. With these objectives in view, the committee conferred with a large number of individuals concerned and representatives of organisations, who gave them the benefit of their advice and co-operation in the task.

The committee have stated that in the context of the developments that have taken place, the reorganization of the present State of Bombay, involving its division has become necessary. The Working Committee agree with this recommendation.

*Bombay City.*

In regard to the City of Bombay, it was agreed that its cosmopolitan character should be preserved, the interests of the linguistic minorities should be protected and special attention should be paid to the development of the city.

*Agreed Conclusions.*

The Committee requested Mr. Y. B. Chavan and Dr. Jivraj Mehta to discuss between themselves the issues that would arise from the reorganisation of the State, in regard to financial arrangements, the demarcation of boundaries and other matters. Agreed conclusions were reached in regard to these and are given in the attached appendix.

*Vidarbha Issue.*

The Committee gave special consideration to Vidarbha. They recognized that strong sentiment prevails among many people in Vidarbha for the formation of a separate State. Various proposals were made and considered by the committee. In any event, the assurances given under what is known as the Nagpur Pact, should be kept in view

and even more generous concessions, wherever possible, might also be made in order to satisfy the people of Vidarbha. The Committee have expressed their preference for the inclusion of Vidarbha in the new State of Bombay.

The Working Committee have given careful thought to the question of Vidarbha. They realise that there is an apprehension among many people in Vidarbha that in the event of Vidarbha forming part of the new State of Bombay, the interests of Vidarbha might not be effectively safeguarded, and, in particular, the growth and development of the city of Nagpur might not be adequately looked after.

Having considered all aspects of this question, the Working Committee feel that it will be to the advantage of both the new State of Bombay and of Vidarbha if Vidarbha forms part of the new State, with adequate arrangements for the protection of the interests of Vidarbha and the city of Nagpur. Any other arrangement would come in the way of the proper development of these areas.

From the larger point of view of the nation also, the inclusion of Vidarbha in the new State of Bombay is desirable. It is important, however, that adequate arrangements should be made that the people of Vidarbha feel that their interests are well protected.

*General.*

The Working Committee express their general agreement with the proposals put forward by nine-man committee.

This question of the re-organization of one of the great States of India will have to be considered by the Central Government and Parliament and the State Legislature of Bombay. The Working Committee, therefore, forward these recommendations to the Government of India and to the Bombay State Government for their consideration.

*Appendix.*

(*a*) Cost for construction of a new Capital city for the State of Gujerat: It has been agreed to set apart Rs. 10 crores out of the assets of the present State of Bombay before the division of the assets and liabilities of the present State.

(*b*) Division of assets and liabilities: It was agreed that this should be provisionally shared by the new States on the basis of population and finally according to the provisions of the States Reorganisation Act, 1956, or any agreed variations therein. The provisional shares of the respective States should be transferred to them immediately on bifurcation, the money value of such physical assets as are agreed to be shared being taken into account on the date of bifurcation.

(*c*) In view of the financial position of the present bilingual State, the estimated annual deficit of the State of Gujerat will be met by the

new Bombay State (Maharashtra) in the first six years after the formation of the State of Gujerat and by tapering arrangement of 20 per cent. reduction in each successive year during the next four years. Effect will be given to this financial adjustment, as far as may be, in one lump sum by reflecting the capitalized amount in apportionment of suitable assets and liabilities at the time of reorganisation. For the computation of the capitalized amount, the prevailing market rate of interest on Government of India's securities on the appointed date will be assumed.

(*d*) Agreement has also been reached on the broad principles for apportionment of staff, facilities for training and research and the transfer of officers and composition of various autonomous boards and tribunals.

*Territorial Arrangement.*

(*a*) It was agreed that the Dangs District would form part of the State of Gujerat.

(*b*) The Baragam-Dangs area would remain in the new State of Bombay (Maharashtra).

(*c*) Umbergaon Taluka, Thana District, will be divided and the area of specific villages agreed upon will be merged with the new State of Gujerat and the remainder will continue in the new State of Bombay (Maharashtra).

(*d*) Navapur taluka and adjacent five other talukas of West Khandesh district, namely, Nandurbar, Akkalkuwa, Taloda, Shahada and Akrani will continue in the new State of Bombay (Maharashtra). Some areas in Navapur, Nandurbar, Akkalkuwa and Taloda talukas would be submerged by Ukai Project Reservoir. Such submergence area with a land-belt of about two miles round it would be transferred to the jurisdiction of the State of Gujerat to enable smooth execution of the project and unified control and responsibility for the acquisition of land and rehabilitation of the persons displaced thereby.

## B

EXTRACT FROM THE DEMI-OFFICIAL LETTER, DATED 16TH DECEMBER, 1959, FROM SHRI Y. B. CHAVAN, CHIEF MINISTER, BOMBAY, TO SHRI GOVIND BALLABH PANT, THE UNION HOME MINISTER.

"With regard to the deficit to be paid as per clause (*c*), we have agreed that the arrangement for payment of the lump sum would be as under:—

(i) A specific amount to be mutually agreed upon shall be reduced from the share in income-tax receipts of the new State of Bombay (Maharashtra) and will be added to that of the State of Gujerat in each of the years 1960-61 and 1961-62.

(ii) A specific amount to be mutually agreed upon shall be reduced from the share in the Central Excise Duty receipts of the new State of Bombay (Maharashtra) and will be added to that of the State of Gujerat in each of the years 1960-61 and 1961-62.

(iii) The balance of the deficit worked out for the entire period of 10 years as stated in clause (*c*) of the Appendix shall be paid as under:—

(A) 50 per cent., by an increase in the share of the assets to be allocated to Gujerat and a corresponding reduction in that of Bombay (Maharashtra).

(B) 50 per cent., by a reduction in the share of liability to be allocated to Gujerat and a corresponding increase in that of the new State of Bombay (Maharashtra)."

# ANNEXURE II.

*Statement of Financial Assets and Liabilities of the Bombay State as on the 31st March 1959.*

(Figures in thousands of Rs.)

| Item. | Total. | Brief Description. | Remarks. |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| LIABILITIES. | | | |
| *A—Interest bearing obligations.* | | | |
| 1 Public Debt— (a) Government of India, Loans. | 1,72,74,90 | These loans are received from Government of India for financing various schemes of State Government. Some of them are merely for relending to the Local Bodies, etc. These include share of loans taken by the former Madhya Pradesh and Hyderabad Governments from open market which are treated as loans from Central Government under provision of the States Reorganisation Act. They include also loans taken by the former Saurashtra Government. | |
| (b) Other loans from Statutory Bodies. | 3,55,42 | These loans are received from the bodies like Reserve Bank of India, etc. for specific purposes. The details are given below :— | |
| | | Loans from National Agricultural Credit (Long Term Operation) Fund of the Reserve Bank of India. 3,14,93 | |
| | | Loans from the National Co-operative Development and Ware Housing Board. 23,40 | |

Loans from the Khadi and Village Industries Commission. 16,09

Loans from the Indian Oilseeds Committee. 1,00

(c) **Open Market Loans (Bearing Interest).** 65,15,16

The details of these loans from the Public for general development of the State are given below :—

(i) 4 % Saurashtra State Development Loan, 1963. 1,11,12

(ii) 4 % Saurashtra (Local Bodies, Development) Loan, 1964. 2,50,94

(iii) 4 % Saurashtra (2nd series) Loan, 1967. 3,50,81

(iv) 4 % Saurashtra Development Loan, 1968. 2,66,68

(v) Loans raised by merged States before merger (Saurashtra) :—

| | | |
|---|---|---|
| 3 % Bhavnagar State Bonds, 1960. | 14,00 | 49,00 |
| 3 % Porbunder Water Project Loan, 1975. | 25,00 | |
| 3 % Porbunder State Loan for Drainage and Roads 1975. | 10,00 | |

(vi) 3% Bombay Government Loan, 1960. 2,63,91

(vii) 3% Bombay State Development Loan, 1963 .. .. 5,29,97

(viii) 3% Tapi Irrigation Loan, 1961. 67,72

(ix) 4% Bombay State Development Loan, 1964 .. .. 3,40,34

(x) $3\frac{1}{2}$% Bombay State Development Loan, 1962 .. 2,82,97

(xi) 4% Bombay State Development Loan, 1963 .. .. 5,10,80

| | | | | |
|---|---|---|---|---|
| (xii) 4% | Do. | 1967 | .. | 9,56.28 |
| (xiii) 4% | Do. | 1970 | .. | 7,82.20 |
| (xiv) $4\frac{1}{4}$% | Do. | 1969 | .. | 6,57,23 |
| (xv) $4\frac{1}{4}$% | Do. | 1970 | .. | 6,58,19 |
| (xvi) $4\frac{1}{4}$% | Do. | 1971 | .. | 4,35,24 |

(xvii) Loans raised by merged States before merger .. .. 1,76

The allocable portion of Madhya Pradesh Government Loans raised from open market worth about 3,19,63 is not taken into account. Similarly Mysore Government's share of the Loans raised by this Government amounting to Rs. 5,01,56 has also not been taken into account.

## ANNEXURE II—*contd.*

| Item. | Total. | Brief Description. | Remarks. |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| (*d*) Land Compensation Bonds (issued under Land Tenure Abolition Acts). | 49,94 | The compensation payable to tenure holders under the various Land Tenure Abolition Acts, is treated as loan by the tenure holder to Government and bonds of equal amounts are issued to them. The bonds are repayable in annual equated instalments over a period of 20 years. The rate of interest is 3 %. | |
| (*e*) Expired Loans (not bearing interest). | 59 | The securities of open market loans which are not encashed on the date of maturity are treated as balances of expired loans. After the date of redemption those balances do not bear interest. They are payable to the public as and when they are demanded. | |
| Total A (1) [excepting item (*e*)]. | 2,41,95,42 | | |
| 2 Floating Debt .. .. | .. | These are short-term loans accounted for under this head. | |
| (i) Merged States .. | 27,83 | These balances mainly represent loans raised by the former Princely States, and also former Saurashtra Government. The relevant details are as under:— | |

| Name of State. | | Balance on 31-3-59. Rs. | a. | p. | Total. |
|---|---|---|---|---|---|
| *Gujarat.* | | | | | 25,90 |
| (1) Punodra .. | Cr. | 2,206 | 0 | 0 | |
| (2) Cambay .. | Cr. | 25,50,501 | 5 | 6 | |
| (3) Umota .. | Cr. | 29,900 | 0 | 0 | |
| (4) Vaktapur .. | Cr. | 7,000 | 0 | 0 | |

| | | | |
|---|---|---|---|
| | | *Maharashtra.* | 3,14 |
| | | (1) Sangli .. Cr. 5,26,455 10 4 | |
| | | (2) Aundh .. Cr. 69,248 15 2 | |
| | | (3) Akkalkot .. Dr. 2,81,487 15 0 | |
| | | *Mysore.* | —1,21 |
| | | (1) Savnur .. *Dr.* 1,17,549 0 0 | |
| | | (2) Hopa .. *Dr.* 3,068 0 0 | |
| | | 27,83,207 0 0 | |
| (ii) **Other Floating loans** .. | 5,960 | These mainly represent advances under the cash credit arrangement with the State Bank of India. The details are given below :— | |
| | | (i) Advances taken from the State Bank of India for Shri Shahu Chhatrapati Mills, Kolhapur. | 19,00 |
| | | (ii) Cash Credit from State Bank of India for Sexeria Cotton Mills under Unemployment Relief Scheme. | 12,00 |
| | | (iii) Cash Credit from the State Bank of India for Narsingirjee Cotton Mills under Unemployment Relief Scheme. | 28,60 |
| Total A (2) .. | 87,43 | | 59,60 |
| 3 **Merged State Balances** .. | | | The Balance is Rs. 10,44, and has been taken to Deposits not bearing interest in the accounts, 1959-60. It is included under " Other Accounts " below " B-Interest-free Obligations ". |

# ANNEXURE II—*contd.*

Figures in thousand of Rs.

| Item. | Total. | Brief Description. | Remarks. |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| **4 Unfunded Debt.** (i) Special Loans— (*a*) Charitable and other Funds. | 9,70 | This consists of endowments received from private persons for specific purpose of an educational or charitable character, e.g. maintenance of School and Dispensary and asylum for the poor. The details are given below:— | |

| No. | *Educational Fund.* | Amount. |
|---|---|---|
| 1 | Sir. J. J. School of Arts and Designs | 1,02 |
| 2 | S. J. Founder Scholarships .. | 4 |
| 3 | Farish Scholarships .. .. | 20 |
| 4 | Carnac Scholarships .. .. | 17 |
| 5 | Anderson Scholarships.. .. | 15 |
| 6 | Reid Scholarships .. .. | 14 |
| 7 | Mc. Leuman Scholarships .. | 9 |
| 8 | Sir. J. J. Medical Price Fund .. | 6 |
| 9 | Sir. J. J. Medical Book .. | 14 |
| 10 | Sir. J. J. Gold Medal .. | 4 |
| 11 | Bombay Education Society .. | 43 |
| | *Medical and Charitable Funds.* | |
| 12 | Sir. J. J. Hospital and Dispensary Fund. | 2,00 |
| 13 | Sir. J. J. Obsteric Institution Fund. | 13 |
| 14 | Victoria Charitable Dispensary Fund, Kaliwadi, Surat. | 65 |
| 15 | District Benevolent Society .. | 56 |
| 16 | Sir. J. J. Parsee Benevolent Institution Fund. | 3,00 |
| 17 | David Sassoon's Industrial and Reformatory Institution Fund. | 30 |
| | | 9,12 |

| | | | |
|---|---|---|---|
| (b) Anand Institute .. | 3,60 | This represents contributions from Sheth Mansukhlal Chhaganlal and Sheth Maganlal Goenka Trust for establishment of Insititute for imparting education and training in animal husbandry, etc. at Anand. | This represents balance of contributions out of Rs. 15 lakhs received from the Trustees concerned. The balance of 11,40 has been advanced to the Governing Body of the Institute. |
| (ii) State Provident Funds .. | 21,46,47 | These are Provident Funds of Government servants and also for the employees of Bombay Housing Board and District School Boards. The main items are given below :—<br><br>General Provident Fund, I.C.S., Provident Fund, I.C.S. (Non-European Members) Fund, Contributory Provident Fund, Workmen's Compensation Fund, Provident Fund of the Staff of Bombay Housing Board and Primary Teachers Provident Fund. | |
| (iii) State Certificates and Bank Deposits. | 2,09 | These represent the undisbursed credits of the Savings Banks Scheme of former Sangli and Baroda States, and also of Dharampur State similar to Post Office Savings Certificates. | |
| (iv) Deposits of Electricity Depreciation Fund. | 3,63 | The Fund was created by the ex-Hyderabad State out of revenue from Electricity Department for meeting cost of replacement of plant and machinery. | |
| Total A (4) .. | 21,65,49 | | |
| Total Interest bearing obligations. | 2,64,48,34 | | |

# ANNEXURE II—*contd.*

(Figures in thousands of Rs.)

| Item. | Total. | Brief Description. | Remarks. |
|---|---|---|---|
| 1 | 2 | 3 | 4. |
| *B. Interest free obligations.* | | | |
| 1 Earmarked Balances— | | | |
| (i) Bombay State Famine Relief Fund. | 3,05,00 | These Funds are mostly Reserve Funds constituted out of Revenue and kept apart for specific purposes by the Bombay State, former Saurashtra, Madhya Pradesh and Hyderabad Governments. The investments made out of these balances are reflected on the assets side. The allocation of certain Funds like Industrial Trust Fund and Godown Trust Fund is not yet made and hence not included in the Statement. | |
| (ii) State Road Fund .. | 79,67 | | |
| (iii) Fund for Development Schemes. | 31,39,95 | | |
| (iv) Depreciation Reserve Funds. | 1,40,31* | | *This includes the following Funds:— (i) Depreciation Reserve Fund Government Presses .. 20,60; (ii) Depreciation Reserve of Government Commercial Concerns. .. 3,23; (iii) Depreciation Reserve Fund—Water Works, Nagpur Area .. 1,16,48; Total 1,40,31 |
| (v) Dangs District Reserve Fund. | 2,47,09 | | |
| (vi) State Suagrcane cess Fund. | 5,01,63 | | |
| (vii) Fishermen's Relief Fund. | 21 | | |
| (viii) Insurance Fund .. | 53,94 | | |
| (ix) Bombay State Milk Fund. | 89,65† | | †The investment is more than the balance in the fund account due to non-adjustment of Rs. 5,89,425 to the fund during the year. Necessary Adjustment is being effected in the accounts for 1959-60. The pro-forma balance is 95,55. |
| (x) Port Reserve Fund .. | 1,66,49 | | |
| (xi) Port Development Fund. | 1,17,97 | | |
| (xii) Kutch Benevolent Fund. | 2,84 | | |
| (xiii) Cultivators' Benefit Fund. | 24 | | |
| (xiv) Fund for Development of Hindi & State Lang-Languages. | 71 | | |
| (xv) State Co-operative Development Fund. | 5,45 | | |
| (xvi) Village Development Fund. | 21,87 | | |

| | | | |
|---|---|---|---|
| (xvii) | Osmania Sikka Stabilisation Reserve. | 71,46 | |
| (xviii) | Securities Adjustment Reserve Fund. | 52,89 | |
| (xix) | State Agricultural Credit Relief and Guarantee Fund. | 15,31 | |
| (xx) | Government Power Houses Fund. | 12,27 | |
| (xxi) | Sinking Funds .. | 26,87,93 | |
| (xxii) | Debt Redemption and Avoidance Fund. | 8,78,74 | |
| | Total .. | 85,91,62 | |

2 *Unearmarked Liabilities.*

Deposits, Advances and Remittances—

| | | | |
|---|---|---|---|
| (*a*) | Deposits of Local Funds | 6,79,01 | These are mostly cash balances in the current account of Local Authorities which are permitted to Bank with Government Treasuries. Each of the Funds is administered by the Public Officer or a Committee. Some of the Funds are given below :— District Funds, Municipal Funds, Port and Marine Funds, Medical and Charitable Funds, Village Panchayat Funds, etc. |
| (*b*) | Departmental and Judicial Deposit—Civil Deposits. | 18,90,09 | These transactions relate mainly to sums deposited with Government in the course of public business by or on behalf of the public. Some of the deposit items are given below :— Revenue Deposits, Personal Deposits, Public Works Deposits, Deposits in connection with Elections, Deposits for the work done for public body or private individuals and Trust Interest Fund. |

## ANNEXURE II—*contd.*

(Figures in thousands of Rs.)

| Item. 1 | Total. 2 | Brief Description. 3 | Remarks. 4 |
|---|---|---|---|
| (*c*) Other Accounts .. | 2,58,17 | These represent grants and contributions received from Government of India and also from Central Agencies for general or specific purposes. They also include donations from private persons. The name of the bodies are given below :—<br>Deposit Account of the grants made by the Indian Central Sugarcane Committee, Deposit Account of the grants made by the Indian Council of Agriculture Research, Central Cotton Committee Research Fund, Deposit Account of grants made from the Fund for the benefit of Cotton Growers, Deposit account of the grants made by the Indian Central Tobacco Committee, Deposit Account of grants made by the Indian Central cocount Committee, Deposit Account of grants from the Central Government for food production drive scheme.—Bonus for accelerating production of foodgrains and Deposit Account of grant made by the Indian Central Arecanut Committee. The expenditure under various service heads is transferred to this head. | |
| (*d*) Cheques and Bills .. | 3,40,77 | The balance represents the amounts of cheques issued but not encashed before the close of the year. When the transactions are passed on to the various service heads, they are cleared by credit to this head. | |
| (*e*) Suspense Account .. | 84,22 | These transactions represent the items which due to insufficient information or due to other reasons are not allocated to the proper heads of accounts. | |

| | |
|---|---|
| (f) Remittances .. .. | 56,03 |
| | 33,08,29 |
| Total earmarked balances and unearmarked liabilities. | 1,18,99,91 |
| *Add* expired loans (not bearing interest) :—Item A-1 (c) | 59 |
| Total, Interest free obligations.. | 1,19,00,50 |
| Grand Total, obligations .. | 3,83,48,84 |

*Assets*—

(1) Interest Yielding Assets.

| | |
|---|---|
| A. Loans by States Government | 96,70,42 |

(a) Loans given to Municipalities, Boards, etc.

The particulars are given below :—

Items included in the total of 84,22.

| *Items.* | | |
|---|---|---|
| (a) Payment made to displaced persons from Pakistan .. | Dr. | 26 |
| (b) Military Suspense .. | Cr. | 1,20 |
| (c) Capitalised Outstanding .. | Cr. | 4,18 |
| (d) Savings Bank Suspense .. | Dr. | 82 |
| (e) Materials, etc. received from C. D. Project .. | Cr. | 5,02 |
| (f) Pakistan G. P. F. payments .. | Dr. | 1,77 |
| (g) P. A. O. Suspense .. | Cr. | 3,06 |
| (h) R. B. Suspense (H. Q.) .. | Dr. | 2,85 |
| (i) A/C. State Bank, Saurashtra .. | Cr. | 2,11 |
| (j) Shahu Chatrapati Mills .. | Cr. | 83 |
| (k) Cash taken over from covanentting States. .. | Cr. | 73,51 |
| (l) Fines, Forfeitures .. | Cr. | 2 |
| | | 84,22 |

The Loans outstanding under various heads of account given by the Accountant General, Bombay are shown below :—

| Head of Account. | Gujerat. | Maharashtra (excluding Greater Bombay). | Greater Bombay. |
|---|---|---|---|
| (1) Loans to Presidency Corporations. | 37,17 | 1,24,40 | 11,37,99 |
| (2) Loans to Municipalities | 3,49,10 | 2,02,86 | .... |
| (3) Loans to District and other Local Fund Committees | 1,22,88 | 1,53,19 | .... |
| (4) Loans to Land Holders and other Notabilities. | 39,22 | 6,49 | .... |
| (5) Revenue Advances .. | 6,98 | .... | .... |
| *(6) Loans under Special Laws. | 46,86 | 86,78 | 28,00,30 |

## ANNEXURE II—*contd.*

| Item. 1 | Total. 2 | Brief Description. 3 | Remarks. 4 |
|---|---|---|---|
| | | | *The details are given below :—<br>(i) Bombay State Electricity Board .. 14,48,82<br>(ii) Bombay Housing Board .. .. 13,51,48<br>(iii) Vidarbha Housing Board .. .. 86,78<br>(iv) Saurashtra Housing Board .. .. 42,06<br>(v) Saurashtra Financial Corporation .. 4,81 |
| | | | (7) Advances to Cultivators 4,66,10 10,82,62 52 |
| | | | *Note.*—The unallocated balance of 1,30,68 consists of 83,77 pertaining to Soil Conservation Scheme, the details of which are to be obtained from the Director of Agriculture, Poona, and the remaining amount of 46,91 which is due to misclassification. In the case of loans given by Criminal Tribe Settlement Officer and Backward Class Officer, and loans to Co-operative Societies, the balances of 35; 23 and 87,98 respectively remain unallocated in the absence of districtwise details. |
| | | | (8) Loans to displaced persons. Details of 26,47 are not available. —12,58 —30,31 —52,96 |
| | | | (9) Miscellaneous Loans and Advances. 4,02,83 5,69,83 7,55,57 |
| | | | *Note.*—The details of 5,92,94 and also 12,55 of merged States balances are not available. The regionwise details for 12,55 are as under in respect of merged States—<br>Gujerat .. —16,56<br>Maharashtra .. 14,98<br>Mysore .. 14,13<br>Total .. 12,55 |
| (*b*) **Loans given to Government Servants** | 16,21 | | (10) Loans in connection with Community Development Programme. 1,67,08 3,03,29 |
| Total I A .. | 96,86,63 | | |

(B) INVESTMENT IN SECURITIES.

| | | | | |
|---|---|---|---|---|
| 1 | Reserve Funds— | | | |
| | (i) | Bombay State Famine Relief Fund. | 2,59,11 | These investments have been made from the balances of Reserve Funds constituted for specific purposes. |
| | (ii) | State Road Fund .. | 49 | |
| | (iii) | Fund for Development Schemes. | 2,64,93 | |
| | (iv) | Dangs District Reserve Fund. | 1,62,47 | |
| | (v) | Insurance Fund .. | 25,60 | |
| | (vi) | Bombay State Milk Fund | 90,08 | NOTE :—*Bombay State Milk Fund.* The investment is more than the fund amount due to non-adjustment of Rs. 5,89,425 to the Fund during the year. The necessary adjustment is being effected. |
| | (vii) | Port Reserve Fund .. | 1,86,27 | |
| | (viii) | Port Development Fund .. | 1,29,98 | |
| | (ix) | Anand Institute. .. | 3,94 | |
| | (x) | Osmania Sikka Stabilisation Fund. | 71,46 | |
| | (xi) | Securities Adjustment Reserve Fund. | 52,67 | |
| | (xii) | Depreciation Fund of Commercial concerns. | 54,35 | |
| | | Total B (I) .. | 13,01,35 | |
| 2 | Other Funds— | | | |
| | (i) | Debt Redemption and Avoidance Fund. | 8,78,74 | |
| | (ii) | Other Accounts .. | 68,02 | These investments were made by the former merged States. The exact nature of these investments is not available. |
| | (iii) | Cash Balance Investment Account. | 98,56,66 | |
| | (iv) | Sinking Fund Investment Account. | 25,31,92 | |
| | | Total B (2) .. | 1,33,35,34 | |

## ANNEXURE II—*concld.*

(Figures in thousands of Rs.)

| Item<br>1 | Total<br>2 | Brief Description.<br>3 | Remarks.<br>4 |
|---|---|---|---|
| (C) Investments in other Commercial Undertakings. | 21,42,57 | These investments are made by Government by debit to "72-Capital Outlay on Industrial Development". | |
| (D) Capital Investments in Civil Supplies. | 3,67,17 | | In the absence of the details and the basis on which the figures have been worked out this is not susceptible of verification in the office of the Accountant General, Bombay. It may also be stated in this connection that the net amount debited to major head "85-A—Capital Outlay on Schemes of State Trading" is 4,07,47. It may also be mentioned that the assets on account of capital investments under "85-A—Capital Outlay on State trading Scheme of Government" will have to be taken into account only in respect of concrete or tangible assets i.e. tools, plant, stock on hand, etc. The other balances will mostly be fictitious assets. |
| Total Interest yielding Assets | 2,68,33,06 | | |
| 2 Deposits and Advances— | | | |
| (a) Departmental Advances .. | 3,71,72 | These advances are for special and miscellaneous purposes given by the Government. These are repayable within a short time. The debit of such advances is finally taken to respective service heads. | |
| (b) Permanent Advances—Civil. | 19,28 | This represents the advances granted to departmental officers for payment of contingent charges to be adjusted against the service heads concerned. | |
| (c) Accounts with the Government of Pakistan. | 1,31,05 | This represents transactions relating to the Central and Provincial Governments of Pakistan with the Government of Bombay. The transactions are settled through the Reserve Bank of India. | |
| (d) Accounts with the Reserve Bank of India. | 35 | These represent the transactions with the Reserve Bank of India. | |

| | | |
|---|---|---|
| (e) Departmental and Similar Accounts. | 3,87 | These represent cash balances in hand with disbursing officers of the Departments of this Government and they do not form part of general cash balances. |
| Total (2) .. | 5,26,27 | |
| Cash Balances .. | 5,04,91 | |
| Total Assets .. | ..2,78,64,24 | |
| Excess of interest yielding assets over interest bearing liabilities | 3,84,72 | |

*Notes.*—

(i) This statement does not include the contingent liabilities of Government. The position of guaranties as on 31st March 1959 is not available as the information is awaited and wanting in many cases.

(ii) This statement does not also take into account Buildings, Roads, Irrigation Works, etc. of Bombay State.

(iii) In some cases, balances are provisional, as, under these heads, they have not been finally allocated by Andhra Pradesh and Madhya Pradesh Governments. The balances allocable to the Mysore and Rajasthan Governments have also not been finally dropped from the books of this Government and certain balances of Ex-Hyderabad and M. P. States have to be incorporated. This statement does not, therefore, give a true picture of the financial position.

(iv) Only the cash balances on the eve of the bifurcation of the Bombay State will have to be divided physically by asking the Reserve Bank to effect the transfers. The other balances are to be allocated by correction of balances only.

(v) The cash balance investment account figure will change considerably after allocating the shares of Mysore State.

# ANNEXURE III.

## *Statement of Statutory and other Funds.*

(In thousands of Rs.).

| Serial No. | Name of the Fund. | Composition and Objects of the Fund. | Balance. | Investments. |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| | RESERVE FUNDS. | | | |
| 1 | Bombay State Famine Relief Fund. | Established under the Bombay Famine Relief Fund Act, 1936 (now replaced by the Bombay State Famine Relief Fund Act, 1958). Utilised for relief of famine and for the relief of distress caused by serious drought, flood and other natural calamities. | 3,05,00 | 2,59,11 |
| 2 | State Road Fund .. | Receipts under the Bombay Motor Vehicle Tax Act, 1935 (as amended by the Bombay Charged Expenditure Act, 1950) in excess of Rs. 26.57 lakhs were being credited to the Fund. Under the Bombay Motor Vehicles Tax Act, 1958, all receipts after deducting collection charges are credited to the Fund. In addition, certain receipts under Bombay Sales of Motor Spirit Taxation Act, 1958 are credited to this Fund. The amounts are spent for construction of new roads and maintenance of existing roads in the State. | 79,67 | 49 |
| 3 | Fund for Development Schemes. | This Fund has been created out of surplus revenues of the State to serve as a revenue reserve for the purpose of development schemes. The present balance also includes Rs. 14 crores on account of Statutory (Earmarked) Funds. | 31,39,95 | 2,64,93 |
| 4 | State Sugarcane Cess Fund. | The net proceeds of the cess levied under Sugarcane Cess Act, 1948 is credited to this Fund. It is to be expended for the development of sugarcane cultivation and marketing and for development of agriculture in general. | 5,01,63 | .... |
| 5 | Fishermen's Relief Fund .. | The Fund is created from the additional interest charged on loans granted to fishermen who are not required to insure the boats purchased therefrom. The Fund is utilised for writing off of loans which are irrecoverable due to loss of assets at sea and for giving relief to fishermen who have suffered loss at sea. | 21 | .... |
| 6 | Insurance Fuud .. | This Fund acts as an insurer of all Government commercial and industrial schemes including State trading schemes and all the premia received on account of such insurances are credited to the Fund. The expenditure on the maintenance a d the claims, if any, is fi..ally debited to this Fu..d. | 53,94 | 25,60 |

## ANNEXURE III—*contd.*

| Serial No. | Name of the Fund. | Composition and Objects of the Fund. | Balance. | Investments. |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| | RESERVE FUNDS—*contd.* | | | |
| 7 | Bombay State Milk Fund. | This has been created out of all the surplus realisation worked out on a commercial basis from all the milk schemes and is utilised for financing the milk development schemes. | 89,65 | 90,08 |
| 8 | Cultivators' Benefit Fund. | The former Saurashtra Government constituted this Fund out of export duty on ground-nuts and the amounts are expended on scholarships to the children of cultivators. | 24 | .... |
| 9 | State Co-operative Development Fund. | The Fund has been constituted with an initial contribution of Rs. 3 lakhs. Contributions to the share capital of co-operative processing and marketing societies for which the provision is made under "72—Capital Outlay on Industrial Development" is routed through this Fund. | 5,45 | .... |
| 10 | Village Development Fund. | This Fund has been created (by the former Madhya Pradesh Government) setting aside annually a sum of Rs. 20 lakhs from the State revenues. The Fund is expended on development of villages on contributory basis. | 21,87 | .... |
| 11 | Securities Adjustment Reserve Fund. | This Reserve was formed by the erstwhile Hyderabad Government in 1944 to safeguard against fluctuations in the market prices of the securities allocated to various Reserve Funds. | 52,89 | 52,67 |
| 12 | State Agriculture Credit Relief and Guarantee Fund. | The Central Financing Agencies which grant loans to industrial co-operative societies on Government guarantees are required to contribute to this Fund. Losses, if any, incurred by the Central Financing Agencies in such transactions are met from the Fund. | 15,31 | .... |
| 13 | Fund for Development of Hindi and State Languages. | This Fund was constituted by contribution from the General Revenues by the former Madhya Pradesh Government in the year 1953-54 for development of literary activities. | 71 | .... |
| 14 | Dangs District Reserve Fund. | The Fund consists of the surpluses of revenues from the Dangs area and is exclusively utilised for the benefit of Dangi people. | 2,47,09 | 1,62,47 |
| 15 | Port Reserve Fund .. | This Fund has been established under the Saurashtra Ports Development Funds Act, 1956 and is utilised for development of ports in Bhavnagar area. | 1,66,49 | 1,86,27 |

## ANNEXURE III—*contd.*

| Serial No. | Name of the Fund. | Composition and Objects of the Fund. | Balance. | Investments. |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| | RESERVE FUNDS—*contd.* | | | |
| 16 | Port Development Fund .. | This Fund has been established under the Saurashtra Ports Development Funds Act, 1956 partly from State Revenues and partly by borrowing from open market (Rs. 1,39 lakhs) and is utilised for development of ports in Saurashtra other than Bhavnagar ports. | 1,17,97 | 1,29,98 |
| 17 | Kutch Benevolent Fund .. | The Maharao of Kutch contributes annually a sum of Rs. 50,000 to this Fund which is expended on certain health and educational schemes in Kutch area. | 2,84 | .... |
| 18 | Osmania Sikka Stabilization Fund. | This Reserve was originally built up from the profits on coinage with a view to preventing fluctuations in the standard rate of exchange between Osmania Currency and India Government Rupee. | 71,46 | 71,46 |
| 19 | Government Power Houses Fund. | This Fund relates to power houses of old Junagadh State of the former Saurashtra State. | 12,27 | .... |
| | MISCELLANEOUS FUNDS | | | |
| 1 | Private Donations and Contributions Fund. | This Fund was constituted in 1946-47 with donations and contributions from the public for general and specified purposes as wished by the doners. Where the donations are not made for any specific purposes, the amounts are spent at the discretion of the Government. | 10,31 | .... |
| 2 | Miscellaneous Funds and Deposits of the former merged States. | These Funds were formed by the former merged States. The information about the nature and purposes of these Funds is not readily available. | 1,77,59 | 68,02 |
| 3 | Forest Local Cess Fund, Baroda. | The Fund was created by levying a cess on the revenue realised from the sale of forest produce and is utilised on construction and repairs of roads in forest areas. | 9,37 | .... |
| 4 | Government Guarantee Fund. | (Please see Item 12 under Reserve Funds). | 17 | .... |
| 5 | Central Road Fund (allocation held by the Central Government on behalf of the State Government). | The proceeds of the additional excise and custom duty on motor spirits (2½ annas per gallon) is credited to a separate fund. 80% of these receipts are allocated half-yearly to the States (on the basis of consumption of motor spirits) but held by the Centre on behalf of the States and released quarterly on the basis of expenditure incurred on road works approved by the Central Government. | The balance to the account of the State Government with the Central Government out of allocation made up to 30th September 1958 is Rs. 50·87 lakhs after taking into account expenditure incurred up to the end of June 1959. | |

## ANNEXURE III—*concld.*

| Serial No. | Name of the Fund. | Composition and Objects of the Fund. | Balance. | Investments. |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| | MISCELLANEOUS FUNDS—contd. | | | |
| 6 | Charitable and Other Funds. | The amounts are received from private persons for specific purposes of educational and charitable character. | 9,70 | .... |
| 7 | Anand Institute Fund .. | The amounts were contributed from Sheth Mansukhlal Chaganlal Trust and Sheth Maganlal Geonka Trust for establishment of Anand Institute. | 3,60 | 3,94 |
| | SINKING FUNDS. | | | |
| 1 | Sinking and Depreciation Funds. | These Funds have been created from revenues for amortisation of Public Debt. The annual contribution from the Revenue is fixed in such a manner that an amount equivalent to the outstanding amount of the loan is avilable in the Fund in the year of maturity in order to avoid an undue strain on the Revenues during a particular year. | 26,87,93 | 25,31,92 |
| 2 | Debt Redemption and Avoidance Fund. | The Fund was consituted by transfer of Rs. 2 crores from General Revenues for five years from the year 1944-45. These amounts are set apart mainly for repayment of open market loans of 1955, 1956 and 1958 and also the whole or as large a part as practicable of the balance of the Consolidated Debt outstanding in 1960. It may also be utilised for the avoidance of new debt if such utilisation is financially more advantageous than new borrowing which may be necessary. The Fund is intended to supplement and not to replace the Sinking Fund and other arrangements for repayment of loans. | 8,78,74 | 8,78,74 |
| | DEPRECIATION RESERVE FUNDS. | | | |
| 1 | Depreciation Reserve of Government Presses. | This Fund has been built up by setting aside from annual Revenues amount for depreciation charges. It is utilised to meet the cost of replacement and repairs, etc. of machinery and plant of all Government presses. | 20,60 | .... |
| 2 | Depreciation Reserve Fund District Water Works—Fund. | This is built by transfer from Revenues and maintained for being spent on replacement of spare parts of machinery, repairs, etc. | 3,23 | .... |
| 3 | Commercial Concerns— | | | |
| | (i) Nasik Distillery | These are Reserves built by transfer from Revenues and maintained for being spent on replacements of spare parts of machinery, repairs, etc. of the respective concerns. | 18,61 | 17,81 |
| | (ii) Shri Shahu Chhatrapati Mills. | | 37,92 | 36,54 |
| | (iii) Ports. | | 50,66 | .... |
| | (iv) Road Transport Department Fund. | | 9,29 | .... |
| | (v) Electricity Department Fund (bearing interest). | | 3,63 | .... |

## ANNEXURE

STATEMENT OF

*Statement showing the progressive Capital Expenditure up to 31st*

| Serial No. | Major Head. | Gross Capital expenditure upto 31-3-1959. | Deduct | |
|---|---|---|---|---|
| | | | Receipts and Recoveries on Capital Account. | Amount met out of Revenue. |
| 1 | 2 | 3 | 4 | 5 |
| | | Rs. | Rs. | Rs. |
| 1 | 65—Payment of Compensation to Land holders on Abolition of Zamindari System. | 50,30,628 | .... | .... |
| 2 | 65-A—Capital Outlay on Forests .. | 15,37,212 | .... | .... |
| 3 | 68—Construction of Irrigation, Navigation, Embankment and Drainage Works (Commercial). | 70,38,80,993 | .... | 3,02,02,111 |
| 4 | 68-A—Construction of Irrigation, etc. (Non-Commercial). | 9,61,94,103 | .... | .... |
| 5 | 70—Capital Outlay on Improvement of Public Health. | 5,57,73,993 | .... | 1,18,662 |
| 6 | 71—Capital Outlay on Schemes of Agriculture Improvement and Research. | 1,38,13,672 | 54,017 | .... |
| 7 | 72—Capital Outlay on Industrial Development. | 21,42,57,435 | 25,71,282 | 13,51,955 |
| 8 | 73—Capital Outlay on Ports .. | 3,19,18,154 | 1,02,392 | 26,21,926 |
| 9 | 73-A—Appropriation to the Port Development Fund. | 1,40,00,000 | .... | .... |
| 10 | 80—Bombay Development Scheme .. | 18,76,90,129 | 7,40,64,120 | 6,03,70,387 |

IV.

CAPITAL OUTLAY.

*March 1959, under the Capital Major Heads outside the Revenue Account.*

| Met out of Fund. | Total Deduct. | Net capital expenditure upto 31-3-1959. | Remarks. |
|---|---|---|---|
| 6 | 7 | 8 | 9 |
| Rs. | Rs. | Rs. | |
| .... | .... | 50,30,628 | |
| .... | .... | 15,37,212 | |
| (A)33,46,659 | (A)3,35,48,770 | 67,03,32,223 | (A) Sugarcane Cess Fund Rs. 26,59,072; Special Development Fund Rs. 6,87,587. |
| (B)1,41,335 | 1,41,335 | 9,60,52,768 | (B) Met out of Sugarcane Cess Fund. |
| (C)1,38,240 | 2,56,902 | 5,55,17,091 | (C) Expenditure financed from Porbundar Water Supply Project Fund. |
| .... | 54,017 | 1,37,59,655 | |
| (D)26,87,906 | 66,11,143 | 20,76,46,292 | (D) Expenditure financed from Sugarcane Cess Fund. Rs. 16,00,000.<br>Expenditure financed from Depreciation Reserve Fund of Shahu Chhatrapati Mills, Kolhapur .. 7,76,962<br>Financed from earmarked Profit held under suspense for Electrification of Weaving Shed, Air-conditioning, etc. of Shri Shahu Chatrapati Mills .. 3,10,944<br>Total 26,87,906 |
| (E)1,44,78,471 | 1,72,02,789 | 1,47,15,365 | (E) Expenditure financed from Port Reserve Fund. Rs. 1,10,17,963<br>Expenditure financed from Port Development Fund.. 34,60,508<br>Total 1,44,78,471 |
| .... | .... | 1,40,00,000 | |
| .... | 13,44,34,507 | 5,32,55,622 | |

## ANNEXURE

| Serial No. | Major Head. | Gross Capital expenditure up to 31st March 1959. | Deduct | |
|---|---|---|---|---|
| | | | Receipts and Recoveries on Capital Account | Amount met out of of Revenue. |
| 1 | 2 | 3 | 4 | 5 |
| | | Rs. | Rs. | Rs. |
| 11 | 81—Capital Account of Civil Works Outside the Revenue Account. | 47,04,99,104 | 16,02,027 | 1,40,78,786 |
| 12 | 81-A—Capital Outlay on Electricity Schemes. | 27,83,96,550* | .... | 7,55,56,603† |
| 13 | 82—Capital Account of Other Works Outside the Revenue Account. | 12,66,33,021 | .... | .... |
| 14 | 82-B—Capital Outlay on Road and Water Transport Schemes. | 85,78,663 | .... | 3,24,165 |
| 15 | 83—Payments of Commuted Value of Pensions. | 1,37,06,320 | .... | 22,08,812(H) |
| 16 | 85—Payments to Retrenched Personnel. | 20,18,578 | .... | 8,25,520 |
| ‡17 | 85-A—Capital Outlay on State Schemes of Government Trading. | 1,31,90,28,020 | 1,10,33,24,752 | 17,49,55,797 |
| | Total .. | 3,54,29,56,575 | 1,18,17,18,590 | 36,26,14,724 |

IV—*contd.*

| Met out of Fund. | Total Deduct. | Net capital expenditure up to 31st March 1959. | Remarks. |
|---|---|---|---|
| 6 | 7 | 8 | 9 |
| Rs. | Rs. | Rs. | |
| (F) 17,08,687 / 1,14,95,280 | 2,88,84,780 | 44,16,14,324 | (F) Special Development Fund .. Rs. 2,02,814; State Road Fund .. 15,05,873; Total 17,08,687. Recoveries from the Central Government. Central Aid Road-Development. 1,13,70,107; Grant from Government of India .. .. 1,25,173; Total 1,14,95,280 |
| .... | 7,55,56,603 | 20,28,39,947 | * Includes gross Capital expenditure of Rs. 13,68,77,115 in respect of electricity schemes transferrable to Bombay Electricity Board and Saurashtra Electricity Board as loan which will have to be excluded from the Capital outlay. †Includes Rs. 6,09,67,715 financed from ordinary revenue on electricity schemes transferrable to Bombay Electricity Board and Saurashtra Electricity Board. |
| (G)3,04,07,339 | 3,04,07,339 | 9,62,25,682 | (G) Expenditure financed from Bombay State Milk Fund. |
| .... | 3,24,165 | 82,54,498 | |
| .... | 22,08,812 | 1,14,97,508 | (H) Deduct capital portion of equated payments out of Revenue .. 20,60,249; Deduct amount recovered from other Governments. 1,48,563; Total 22,08,812 |
| .... | 8,25,520 | 11,93,058 | |
| .... | 1,27,82,80,549 | 4,07,47,471 | ‡The debit balance under this Head would represent the value of stocks on hand and the unadjusted net profits or losses. Only the balance representing the value of stocks will be taken into account. |
| 6,44,03,917 | 1,60,87,37,231 | 1,93,42,19,344 | |

सत्यमेव जयते

# ANNEXURE V.

## *Statement of Loans Relent to Local Bodies and Institutions and Apex Bodies.*

(as on 31st March, 1959).

| Name of the Body. | Total amount. | Gujerat. | Bombay (Maharashtra) | Unallocated. |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| | Rs. | Rs. | Rs. | Rs. |
| *(a) Central Government Loans.* | | | | |
| 1. Bombay Municipal Corporation. | 7,93,78,281 | .... | 7,93,78,281 | .... |
| 2. Bombay Housing Board (Industrial Loans). | 8,01,465 | .... | 8,01,465 | .... |
| 3. Bombay State Electricity Board | 1,43,64,640 | .... | .... | 1,43,64,640 |
| 4. Ahmedabad Municipal Corporation. | 3,71,440 | 3,71,440 | .... | .... |
| 5. Bombay State Electricity Board | 11,91,535 | .... | .... | 11,91,535 |
| 6. Bombay State Road Transport Corporation. | 3,05,59,784 | .... | .... | 3,05,59,784 |
| Total (*a*) .. | 12,66,67,145 | 3,71,440 | 8,01,79,746 | 4,61,15,959 |
| *(b) Open Market Loans.* | | | | |
| 7. 4 % Saurashtra State (Local Bodies Development) Loan, 1964. | 2,50,94,000 | 2,50,94,000 | .... | .... |
| *(c) Loans from Statutory Bodies.* | | | | |
| 8. Loans from the National Co-operative Development and Ware-Housing Board. | 23,40,000 | .... | .... | 23,40,000 |
| 9. Loans from Khadi and Village Industries Commission. | 16,09,000 | .... | .... | 16,09,000 |
| Total (*c*) .. | 39,49,000 | .... | .... | 39,49,000 |
| Grand Total of (*a*), (*b*) and (*c*) . | 15,57,10,145 | 2,54,65,440 | 8,01,79,746 | 5,00,64,959 |

ANNEXURE

*Statement of Regional Position on*

## I—RECEIPTS.

(In thousands of rupees.)

| Head of Revenue. | Gujerat. | Bombay (Maharashtra). | Total. |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| II—Union Excise Duties .. .. | 4,98,82 | 9,94,65 | 14,93,47 |
| IV—Taxes on Income.. .. .. | 4,04,46 | 8,06,51 | 12,10,97 |
| V—Estate Duty .. .. .. | 14,58 | 29,09 | 43,67 |
| V-B—Taxes on Railway Fares .. .. | 59,23 | 1,18,10 | 1,77,33 |
| VII—Land Revenue .. .. .. | 6,74,67 | 6,69,79 | 13,44,46 |
| VIII—State Excise Duties .. .. | 18,29 | 1,00,00 | 1,18,29 |
| IX—Stamps .. .. .. | 1,26,76 | 4,77,17 | 6,03,93 |
| X—Forest .. .. .. | 1,17,20 | 4,59,38 | 5,76,58 |
| XI—Registration .. .. .. | 21,91 | 43,11 | 65,02 |
| XII—Taxes on Vehicles .. .. | 1,86,18 | 3,34,35 | 5,20,53 |
| XII-A—Sales Tax .. .. | 7,54,83 | 27,31,30 | 34,86,13 |
| XIII—Other Taxes and Duties .. .. | 1,72,54 | 8,52,86 | 10,25,40 |
| XVII—Irrigation, Navigation, Embankment and Drainage Works for which Capital accounts are kept. | 1,84 | 1,04,00 | 1,05,84 |
| XVIII—Irrigation, Navigation, Embankment and Drainage works for which no Capital Accounts are kept. | 12,47 | 10,51 | 22,98 |
| XX—Interest .. .. .. | 2,07,35 | 4,13,46 | 6,20,81 |
| XXI—Administration of Justice .. | 19,87 | 68,63 | 88,50 |
| XXII—Jails .. .. .. | 8,28 | 14,14 | 22,42 |
| XXIII—Police .. .. .. | 15,30 | 53,80 | 69,10 |
| XXIV—Ports and Pilotage .. .. | 55,81 | .... | 55,81 |
| XXV-A—Dangs District .. .. | 81,98 | .... | 81,98 |
| XXVI—Education .. .. .. | 64,48 | 1,35,56 | 2,00,04 |
| XXVII—Medical .. .. .. | 14,92 | 1,59,79 | 1,74,71 |
| XXVIII—Public Health .. .. | 18,03 | 47,79 | 65,82 |
| XXIX—Agriculture .. .. .. | 20,22 | 50,03 | 70,25 |
| XXX—Animal Husbandry .. .. | 5,57 | 13,56 | 19,13 |
| XXXI—Co-operation .. .. | 7,25 | 27,26 | 34,51 |
| XXXII—Industries .. .. .. | 63,88 | 1,11,17 | 1,75,05 |
| XXXVI—Miscellaneous Departments .. | 18,57 | 77,41 | 95,98 |
| XXXIX—Civil Works .. .. | 35,44 | 52,57 | 88,01 |
| XL—Bombay Development Scheme .. | .... | 32,11 | 32,11 |
| XLI—Receipts from Electricity Schemes .. | 16,84 | —11 | 16,73 |
| XLIV—Receipts in aid of Superannuation .. | 5,90 | 11,74 | 17,64 |
| XLV—Stationery and Printing .. .. | 10,42 | 20,78 | 31,20 |
| XLVI—Miscellaneous .. .. | 1,40,33 | 1,76,80 | 3,17,13 |
| XLVI-A—Receipts from Road Transport Scheme. | .... | 38,82 | 38,82 |
| L—Miscellaneous Adjustments between Central and State Governments. | 43 | 86 | 1,29 |
| LI—Extraordinary Receipts .. .. | 2,75 | 5,47 | 8,22 |
| LII-B—Civil Defence .. .. | .... | 3 | 3 |
| Total Revenue Receipts .. | 38,77,40 | 92,42,49 | 1,31,19,89 |
| Central Grants .. | 3,32,76 | 6,63,52 | 9,96,28 |
| Grand Total .. | 42,10,16 | 99,06,01 | 1,41,16,17 |

VI

*Revenue Account for 1958-59 (Actuals).*

## II—EXPENDITURE.

(In thousands of rupees.)

| Head of Expenditure. | Gujerat. | Bombay (Maharashtra). | Total. |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| 7— Land Revenue .. .. .. | 2,61,24 | 2,01,04 | 4,62,28 |
| 8—State Excise Duties .. .. | 8,74 | 34,46 | 43,20 |
| 9—Stamps .. .. .. | 3,72 | 7,90 | 11,62 |
| 10—Forest .. .. .. | 45,58 | 1,56,04 | 2,01,62 |
| 11—Registration .. .. .. | 6,48 | 15,45 | 21,93 |
| 12—Taxes on Vehicles .. .. | 1,48,11 | 2,87,71 | 4,35,82 |
| 12-A—Sales Tax .. .. .. | 53,14 | 1,32,82 | 1,85,96 |
| 13—Other Taxes and Duties .. .. | 95 | 1,48,33 | 1,49,28 |
| 17—Interest on Works for which Capital Accounts are kept. | 1,01,06 | 2,01,53 | 3,02,59 |
| 18—Other Revenue Expenditure financed from Ordinary Revenues. | 56,72 | 37,09 | 93,81 |
| 22—Interest on Debt and Other Obligations .. | 1,61,52 | 3,22,06 | 4,83,58 |
| 23—Appropriation for Reduction or Avoidance of Debt. | 2,05,50 | 4,09,80 | 6,15,30 |
| 25—General Administration .. .. | 3,65,75 | 5,26,08 | 8,91,83 |
| 27—Administration of Justice .. .. | 83,80 | 1,72,91 | 2,56,71 |
| 28—Jails .. .. .. | 28,67 | 83,24 | 1,11,91 |
| 29—Police .. .. .. | 4,33,07 | 9,29,18 | 13,62,25 |
| 30—Ports and Pilotage .. .. | 87,47 | 1,51 | 88,98 |
| 33-A—Dangs District .. .. .. | 72,55 | .... | 72,55 |
| 36—Scientific Departments .. .. | 5,74 | 10,29 | 16,03 |
| 37—Education .. .. .. | 8,60,09 | 16,15,58 | 24,75,67 |
| 38—Medical .. .. .. | 1,81,35 | 4,88,96 | 6,70,31 |
| 39—Public Health .. .. .. | 88,08 | 1,46,62 | 2,34,70 |
| 40—Agriculture .. .. .. | 1,37,76 | 2,92,46 | 4,30,22 |
| 41—Animal Husbanry .. .. | 29,67 | 72,90 | 1,02,57 |
| 42—Co-operation .. .. .. | 52,61 | 99,43 | 1,52,04 |
| 43—Industries .. .. .. | 65,60 | 1,75,29 | 2,40,89 |
| 43-A – Capital Outlay on Industrial Development | .... | – 2 | – 2 |
| 47—Miscellaneous Departments .. .. | 1,05,42 | 2,48,03 | 3,53,45 |
| 50—Civil Works .. .. .. | 1,43,00 | 1,84,42 | 3,27,42 |
| 51—Bombay Development Scheme .. | .... | 24,20 | 24,20 |
| 51-B—Other Revenue Expenditure connected with Multi-purpose River Schemes. | 6 | .... | 6 |
| 52-A—Other Revenue Expenditure connected with Electricity Schemes. | .... | 52 | 52 |
| 54—Famine .. .. .. | 71,40 | 13,80 | 85,20 |
| 54-A—Territorial and Political Pensions .. | 4,85 | 50 | 5,35 |
| 54-B—Privy Purses and Allowances of Indian Rulers. | 15,97 | 9,70 | 25,67 |
| 55—Superannuation Allowances and Pensions | 1,21,59 | 2,42,45 | 3,64,04 |
| 56—Stationery and Printing .. .. | 76,48 | 1,52,50 | 2,28,98 |
| 57—Miscellaneous .. .. .. | 3,53,15 | 5,14,29 | 8,67,44 |
| 63—Extraordinary Charges .. .. | .... | .... | .... |
| 63-B—Community Development Projects, National Extention Service and Local Development Works. | 1,95,12 | 3,09,46 | 5,04,58 |
| 64-B—Civil Defence .. .. .. | .... | 2 | 2 |
| Total Expenditure on Revenue Account .. | 46,32,01 | 82,68,56 | 1,29,00,57 |
| Recoveries from Government of India .. | —24,59 | —49,05 | —73,64 |
| Grand Total .. | 46,07,42 | 82,19,51 | 1,28,26,93 |

ANNEXURE

*Statement of position on Revenue Account of the New States of*

I—RECEIPTS.

(In lakhs of rupees).

| Head of Revenue. | Gujerat. | Bombay (Maharashtra). | Total. |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| II—Union Excise Duties .. .. | 5,34 | 10,66 | 16,00 |
| IV—Taxes on Income other than Corporation tax and Estate Duty. | 4,33 | 8,67 | 13,00 |
| V—Estate Duty .. .. .. | 14 | 28 | 42 |
| V-B—Taxes on Railway fares .. .. | 63 | 1,27 | 1,90 |
| VII—Land Revenue .. .. .. | 5,76 | 6,74 | 12,50 |
| VIII—State Excise Duties .. .. | 18 | 62 | 80 |
| IX—Stamps .. .. .. | 1,36 | 5,14 | 6,50 |
| X—Forest .. .. .. | 1,22 | 4,78 | 6,00 |
| XI—Registration .. .. .. | 17 | 33 | 50 |
| XII—Taxes on Vehicles .. .. | 2,48 | 4,42 | 6,90 |
| XII-A—Sales Tax .. .. .. | 9,57 | 26,56 | 36,13 |
| XIII—Other Taxes and Duties .. .. | 1,73 | 8,54 | 10,27 |
| XVII—Irrigation, Navigation, Embankment and Drainage Works for which Capital Accounts are kept. | 1 | 79 | 80 |
| XVIII—Irrigation, Navigation, Embankment and Drainage Works for which no Capital Accounts are kept. | 11 | 9 | 20 |
| XX—Interest .. .. .. | 2,34 | 4,66 | 7,00 |
| XXI—Administration of Justice .. | 17 | 60 | 77 |
| XXII—Jails .. .. .. | 10 | 16 | 26 |
| XXIII—Police .. .. .. | 13 | 48 | 61 |
| XXIV—Ports and Pilotage .. .. | 65 | .... | 65 |
| XXV-A—Dangs District .. .. | 80 | .... | 80 |
| XXVI—Education .. .. .. | 39 | 81 | 1,20 |
| XXVII—Medical .. .. .. | 22 | 2,36 | 2,58 |
| XXVIII—Public Health .. .. | 17 | 45 | 62 |
| XXIX—Agriculture .. .. .. | 18 | 46 | 64 |
| XXX—Animal Husbandry .. .. | 3 | 8 | 11 |
| XXXI—Co-operation .. .. .. | 4 | 16 | 20 |
| XXXII—Industries .. .. .. | 66 | 1,14 | 1,80 |
| XXXVI—Miscellaneous Departments .. | 30 | 1,26 | 1,56 |
| XXXIX—Civil Works .. .. | 32 | 48 | 80 |
| XL—Bombay Development Scheme .. | .... | 30 | 30 |
| XLI—Receipts from Electricity Schemes .. | .... | .... | .... |
| XLIV—Receipts in aid of Superannuation .. | 4 | 8 | 12 |
| XLV—Stationery and Printing .. .. | 8 | 17 | 25 |
| XLVI—Miscellaneous .. .. | 62 | 78 | 1,40 |
| XLVI-A—Receipts from Road Transport Scheme. | .... | 21 | 21 |
| LI—Extraordinary Receipts .. .. | 1 | 3 | 4 |
| LI-A—Receipts on account of Community Development Projects, National Extension Service and Local Development Works. | .... | .... | .... |
| Total Revenue Receipts .. | 40,28 | 93,56 | 1,33,84 |
| Central Grants .. | 4,55 | 9,08 | 13,63 |
| Grand Total .. | 44,83 | 1,02,64 | 1,47,47 |

VII

## *Gujerat and Bombay (Maharashtra) for 1960-61 (Estimates).*

II—EXPENDITURE.

(In lakhs of rupees).

| Head of Expenditure. | Gujerat. | Bombay (Maharashtra). | Total. |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| 7—Land Revenue .. .. .. | 3,04 | 2,22 | 5,26 |
| 8—State Excise Duties .. .. | 9 | 36 | 45 |
| 9—Stamps .. .. .. | 3 | 7 | 10 |
| 10—Forest .. .. .. | 50 | 1,70 | 2,20 |
| 11—Registration .. .. .. | 7 | 16 | 23 |
| 12—Taxes on Vehicles.. .. .. | 1,66 | 3,21 | 4,87 |
| 12-A—Sales Tax .. .. .. | 63 | 1,58 | 2,21 |
| 13—Other Taxes and Duties .. .. | 1 | 1,54 | 1,55 |
| 17—Interest on Works for which Capital Accounts are kept. | 1,52 | 1,98 | 3,50 |
| 18—Other Revenue Expenditure financed from Ordinary Revenues. | 27 | 17 | 44 |
| 22—Interest on Debt and Other Obligations .. | 3,08 | 4,01 | 7,09 |
| 23—Appropriation for Reduction or Avoidance of Debt. | 2,90 | 3,77 | 6,67 |
| 25—General Administration .. .. | 3,73 | 5,37 | 9,10 |
| 27—Administration of Justice .. .. | 90 | 1,85 | 2,75 |
| 28—Jails .. .. .. | 30 | 88 | 1,18 |
| 29—Police .. .. .. | 4,39 | 9,41 | 13,80 |
| 30—Ports and Pilotage .. .. | 79 | 1 | 80 |
| 33-A—Dangs District .. .. | 80 | .... | 80 |
| 36—Scientific Departments .. .. | 8 | 14 | 22 |
| 37—Education .. .. .. | 8,72 | 16,38 | 25,10 |
| 38—Medical .. .. .. | 2,30 | 6,20 | 8,50 |
| 39—Public Health .. .. .. | 1,22 | 2,03 | 3,25 |
| 40—Agriculture .. .. .. | 1,32 | 2,80 | 4,12 |
| 41—Animal Husbandry .. .. | 43 | 1,07 | 1,50 |
| 42—Co-operation .. .. .. | 82 | 1,56 | 2,38 |
| 43—Industries .. .. .. | 68 | 1,82 | 2,50 |
| 47—Miscellaneous Departments .. .. | 1,82 | 4,28 | 6,10 |
| 50—Civil Works .. .. .. | 3,06 | 3,93 | 6,99 |
| 51—Bombay Development Scheme .. | .... | 28 | 28 |
| 52-A—Other Revenue Expenditure connected with Electricity Schemes. | .... | .... | .... |
| 54—Famine .. .. .. | 35 | 35 | 70 |
| 54-A—Territorial and Political Pensions .. | 1 | .... | 1 |
| 54-B—Privy Purses and Allowances of Indian Rulers. | 11 | 7 | 18 |
| 55—Superannuation Allowances and Pensions. | 1,20 | 2,40 | 3,60 |
| 56—Stationery and Printing .. .. | 67 | 1,35 | 2,02 |
| 57—Miscellaneous .. .. .. | 3,11 | 4,54 | 7,65 |
| 63-B—Community Development Projects, National Extension Service and Local Development Works. | 2,32 | 3,69 | 6,01 |
| Total Expenditure on Revenue Account .. | 52,93 | 91,18 | 1,44,11 |
| Additional cost on account of Headquarters Establishment. | 1,25 | 50 | 1,75 |
| GRAND TOTAL .. | 54,18 | 91,68 | 1,45,86 |

## ANNEXURE

*Statement of position on Revenue Account of the New States of Gujerat and*

RECEIPTS.

(In lakhs of rupees).

| Head of Revenue. | Gujerat. | Bombay (Maharashtra). | Total. |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| II—Union Excise Duties .. .. | 5,51 | 10,99 | 16,50 |
| IV—Taxes on Income other than Corporation Tax and Estate Duty. | 4,56 | 9,14 | 13,70 |
| V—Estate Duty .. .. .. | 14 | 29 | 43 |
| V-B—Taxes on Railway Fares .. .. | 67 | 1,33 | 2,00 |
| VII—Land Revenue .. .. | 5,53 | 6,47 | 12,00 |
| VIII—State Excise Duties .. .. | 12 | 63 | 75 |
| IX—Stamps .. .. .. | 1,39 | 5,21 | 6,60 |
| X—Forest .. .. .. | 1,22 | 4,78 | 6,00 |
| XI—Registration .. .. .. | 20 | 40 | 60 |
| XII—Taxes on Vehicles .. .. | 2,57 | 4,59 | 7,16 |
| XII-A—Sales Tax .. .. | 10,30 | 28,18 | 38,48 |
| XIII—Other Taxes and Duties .. .. | 1,54 | 7,63 | 9,17 |
| XVII—Irrigation, Navigation, Embankment and Drainage Works for which Capital Accounts are kept. | 2 | 1,03 | 1,05 |
| XVIII—Irrigation, Navigation, Embankment and Drainage Works for which no Capital Accounts are kept. | 11 | 9 | 20 |
| XX—Interest .. .. .. | 2,50 | 5,00 | 7,50 |
| XXI—Administration of Justice .. .. | 17 | 58 | 75 |
| XXII—Jails .. .. .. | 9 | 16 | 25 |
| XXIII—Police .. .. .. | 13 | 47 | 60 |
| XXIV—Ports and Pilotage .. .. | 50 | .... | 50 |
| XXV-A—Dangs District .. .. | 80 | .... | 80 |
| XXVI—Education .. .. .. | 39 | 81 | 1,20 |
| XXVII—Medical .. .. .. | 23 | 2,42 | 2,65 |
| XXVIII—Public Health .. .. | 18 | 47 | 65 |
| XXIX—Agriculture .. .. .. | 18 | 46 | 64 |
| XXX—Animal Husbandry .. .. | 3 | 8 | 11 |
| XXXI—Co-operation .. .. .. | 4 | 16 | 20 |
| XXXII—Industries .. .. .. | 59 | 1,04 | 1,63 |
| XXXVI—Miscellaneous Departments .. | 27 | 1,15 | 1,42 |
| XXXIX—Civil Works.. .. .. | 32 | 48 | 80 |
| XL—Bombay Development Scheme .. | .... | 30 | 30 |
| XLI—Receipts from Electricity Schemes .. | .... | .... | .... |
| XLIV—Receipts in aid of Superannuation .. | 4 | 8 | 12 |
| XLV—Stationery and Printing .. .. | 8 | 17 | 25 |
| XLVI—Miscellaneous .. .. | 62 | 78 | 1,40 |
| XLVI-A—Receipts from Road Transport Scheme. | .... | 21 | 21 |
| LI—Extraordinary Receipts .. .. | 1 | 3 | 4 |
| LI-A—Receipts on account of Community Development Projects, National Extension Service and Local Development Works. | .... | .... | .... |
| Total Revenue Receipts .. | 41,05 | 95,61 | 1,36,66 |

VIII

*Bombay (Maharashtra) for 1961-62 (Estimates).*

II—EXPENDITU

(In lakhs of rupees).

| Head of Expenditure. | Gujerat. | Bombay (Maharashtra). | Total. |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| 7—Land Revenue .. .. .. | 2,57 | 1,86 | 4,43 |
| 8—State Excise Duties .. .. | 9 | 36 | 45 |
| 9—Stamps .. .. .. | 3 | 7 | 10 |
| 10—Forest .. .. .. | 45 | 1,55 | 2,00 |
| 11—Registration .. .. .. | 7 | 16 | 23 |
| 12—Taxes on Vehicles .. .. | 1,73 | 3,36 | 5,09 |
| 12—A—Sales Tax .. .. .. | 67 | 1,68 | 2,35 |
| 13—Other Taxes and Duties .. .. | 1 | 180 | 1,81 |
| 17—Interest on Works for which Capital accounts are kept. | 1,65 | 2,15 | 3,80 |
| 18—Other Revenue Expenditure Financed from Ordinary Revenues. | 7 | 5 | 12 |
| 22—Interest on Debt and Other Obligations .. | 3,68 | 4,78 | 8,46 |
| 23—Appropriation for Reduction or Avoidance of Debt. | 2,73 | 3,56 | 6,29 |
| 25—General Administration .. .. | 3,48 | 5,02 | 8,50 |
| 27—Administration of Justice .. .. | 90 | 1,85 | 2,75 |
| 28—Jails .. .. .. | 31 | 89 | 1,20 |
| 29—Police .. .. .. | 4,42 | 9,48 | 13,90 |
| 30—Ports and Pilotage .. .. | 69 | 1 | 70 |
| 33-A—Dangs District .. .. | 80 | .... | 80 |
| 36—Scientific Departments .. .. | 7 | 13 | 20 |
| 37—Education .. .. .. | 8,06 | 15,14 | 23,20 |
| 38—Medical .. .. .. | 1,92 | 5,18 | 7,10 |
| 39—Public Health .. .. .. | 60 | 1,00 | 1,60 |
| 40—Agriculture .. .. .. | 35 | 75 | 1,10 |
| 41—Animal Husbandry .. | 34 | 82 | 1,16 |
| 42—Co-operation .. .. .. | 59 | 1,12 | 1,71 |
| 43—Industries .. .. | 46 | 1,24 | 1,70 |
| 47—Miscellaneous Departments .. | 1,27 | 2,98 | 4,25 |
| 50—Civil Works .. .. .. | 1,97 | 2,53 | 4,50 |
| 51—Bombay Development Scheme .. | .... | 30 | 30 |
| 54—Famine .. .. .. | 33 | 32 | 65 |
| 54-A—Privy Purses and Allowance of Indian Rulers. 54-B—Territorial and Political Pensions | 10 | 5 | 15 |
| 55—Superannuation Allowances and Pensions. | 1,20 | 2,40 | 3,60 |
| 56—Stationery and Printing .. .. | 67 | 1,35 | 2,02 |
| 57—Miscellaneous .. .. .. | 2,34 | 3,42 | 5,76 |
| 63-B—Community Development Projects, National Extension Service and Local Development Works. | 9 | 14 | 23 |
| Total Expenditure on Revenue Account .. | 44,71 | 77,50 | 1,22,21 |
| ...tional cost on account of Head ...ers Establishment. | 1,25 | 50 | 1,75 |
| GRAND TOTAL .. | 45,96 | 78,00 | 1,23,96 |

PRINTED AT THE GOVERNMENT CENTRAL PRESS.